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REPORT

ON THE

FEDERAL MASS TRANSIT POLICY

VIEWS AND RECOMMENDATIONS

JANUARY 1991

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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

January 25, 1991

Hon. Donald Riegle
Chairman
Committee on Banking, Housing, and Urban Affairs
Dirksen Senate Office Building,
Washington, D.C. 20510

Dear Mr. Chairman:

We submit this compilation of recommendations from various interested sources for reauthorization of the Urban Mass Transit Act. We ask that these recommendations be printed as a public document for use by the Senate and distribution to those interested in mass transit policy.

On October 12, 1990, we invited a wide variety of organizations and individuals concerned about mass transit to suggest ways to improve federal policy to respond more effectively to emerging public transportation needs. The comments received in response to our invitation will serve as a basis for a national conference of the country's top mass transit experts that the Housing and Urban Affairs Subcommittee will convene in early 1991.

For over 25 years, Federal, state, and local governments have worked together with the private sector to develop and maintain mass transit systems across the country. Federal leadership in that partnership is vital for several reasons.

First, the investment required for modern mass transit systems is so great and of such lengthy duration that state and local governments simply are incapable of financing effective solutions without adequate federal support.

Second, over-reliance on automobile transportation in urban areas generates air pollution that degrades the quality of life, property and agriculture with not just local but national consequences. A steady stream of research has established that automobiles are the largest single source of smog forming pollutants in urban areas.

Third, over-dependence on oil as a transportation fuel exacerbates the country's economic and military vulnerability to fluctuations in the price and supply of foreign oil. A sound mass transit policy must be a vital element of an effective national energy and security policy.

And fourth, chronic congestion of the country's highways corrodes the productivity and international competitiveness of U.S. industry making it difficult for workers to get to jobs and for goods to get to markets.

The UMTA reauthorization and the near completion of the interstate highway system give us a rare opportunity to re-evaluate the ways that the federal government can help address our problems of congestion, pollution, local land use, and dependence on foreign oil. We hope that this compilation will serve as a useful first step towards making that legislation a reality in this Congress.

We thank the many who contributed to this effort, and we look forward to working with you on transit legislation in the coming months.

Sincerely,

Alan Cranston

Alan Cranston,
Chairman

Alfonse D'Amato

Alfonse D'Amato,
Ranking Minority Member

ALAN CRANSTON
CALIFORNIA

United States Senate
WASHINGTON, DC 20510

October 26, 1990

Dear Friend,

As the reauthorization of the Urban Mass Transit Act approaches next year, the Senate Subcommittee on Housing and Urban Affairs will be holding extensive hearings to consider changes that may be necessary in the program.

So that new legislation can be built on the broadest possible consensus, we are inviting you and a number of other transit experts to submit your recommendations on the most urgent changes in mass transit policy that Congress needs to consider. The focus of your paper should not only include the UMT Act but any related changes that may be helpful to other parts of the Surface Transportation Act.

We will publish these suggestions and use them to set the agenda for a major Mass Transit conference in Washington, D.C., early next year. In order for Congress to take full advantage of your ideas, we ask you to submit your suggestions no later than November 30, 1990. Also, it would be especially helpful to us for you to include an executive summary if your paper exceeds ten pages.

We look forward to hearing from you and seeing you at the conference early next year.

Sincerely,

Alan Cranston
Alan Cranston

Alfonse D'Amato
Alfonse D'Amato

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REGIONAL PUBLIC
TRANSPORTATION
AUTHORITY

November 30, 1990

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
Committee on Banking, Housing, and
Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

RE: Reauthorization of the
Urban Mass Transit Act

Dear Senators Cranston and D'Amato:

Thank you for you letter of October 18 which requested my input regarding the Transit Act reauthorization. I have served local government at the city and regional level in California and Arizona since 1966, and hope that my perspective may be of value to you in your deliberations.

I have seen the Federal commitment for public transit funds diminish in recent years. Congress has been at least more favorable than the administration in terms of funds for transit, and I am pleased that we are turning the corner toward an improved funding scenario at the Federal level. We appreciate the dialogue with the new UMTA Administrator, and the commitment that Brian has made to maximize the resources available to improve transit throughout the country.

We are at a time of great concern over increased taxes, but at the same time we cannot turn our back on the need for basic mobility in our cities. Our agency, the Regional Public Transportation Authority, which covers the entire Phoenix metropolitan area and its over two million residents, presented a major rail and bus transit improvement program to the voters in 1989. The proposed tax increase for transit was rejected, and we are preparing to go back to the voters in 1991 for a sales tax increase to fund freeway construction, as well as, a doubling of the modest sized bus system we have in the region.

I believe that the following statements are basic to our understanding of the Federal/state/local system in terms of transportation funding.

- The Federal Government should not be looked upon as the single source for all wisdom or funding of transportation services.

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- Gas taxes and other fuel taxes should be recognized as user fees which can be earmarked for highway and transit improvements. Use of these type of taxes for deficit reduction undermines the concept that transportation taxes are promised to the users to be returned exclusively for transportation projects.
- Transit and highway programs need to be defined as public investments, with documented evidence of the value to the public for the dollars expended.
- The Federal Government should be a partner with state and local officials in transportation projects, with the Federal emphasis on capital assistance funds for those projects which have most demonstrated responsiveness to the needs of the citizens of the region, have a strong local funding commitment, and meet the Federal criteria for funding.
- Operating costs for transit systems should be primarily a local or regional obligation. There should be a fail-safe provision in the legislation for those now receiving operating assistance, but the future emphasis for Federal dollars should be on the capital side. This should encourage local officials to select alternatives which will result in the most cost effective implementation for transit services.
- Transit usage should be supported by tax incentives, not tax penalties. The inequity in Federal tax law between employer paid parking and employer paid transit passes is unconscionable.
- Transportation measures in urban areas should be tied to land use issues and be evaluated through a congestion management program within the metropolitan region.

It is difficult for us in these turbulent times to ask that in order to solve our problems we need more money. The fact is, in many areas of the country, including our own in the Phoenix area, we are way behind in public commitments for transit service. It will require a combination of Federal and local funding to rectify years of under funding. We recognize that a majority of the monies will have to come from local sources, and we are prepared to deal with that. I feel that it is imperative at this critical time of fuel uncertainty in the world, we must commit resources to alternative forms of transportation, including bus, dial-a-ride, rail, ridesharing and vanpooling, if we expect to be prepared for future price shocks or shortages.

Therefore, I recommend that the reauthorization include at a minimum, an increase in Federal funding for transportation, both highway and transit, increased flexibility in application of Federal requirements for the funds, an emphasis on clean air aspects of public transportation services, including the use of alternative fuels on transit vehicles, and an emphasis on the partnership of the Federal, state and local governments in the implementation of transit policies and functions in urban areas of the country.

Please let me know if you have any questions regarding my comments.

Cordially,

Ken Driggs

G. Kenneth Driggs
Executive Director

BAY AREA COUNCIL

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• *The Bay Area Council, established in 1945, is a business-sponsored organization dedicated to analysis and action on regional issues. Its program currently focuses on economic development, strategic growth and land use issues, housing, transportation, and employment training. The Council co-sponsors the Bay Area Economic Forum.*

January 7, 1991

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
Committee on Banking, Housing,
  and Urban Affairs
United States Senate
Washington, DC 20510-6075

Dear Senators Cranston and D'Amato:

Thank you for this opportunity to comment on the forthcoming reauthorization of the Surface Transportation Assistance Act. The outcome of your deliberations is more than a matter of passing interest to us. Indeed, a favorable result is vital to the economic health and well-being of the San Francisco Bay Area.

Each year, the Bay Area Council conducts a regional poll to determine which problems most concern Bay Area residents. This year, for the eighth year in a row, transportation was named as the region's number one problem.

As a result of a burgeoning traffic mess, we lose nearly $2 billion a year. Part of this cost is the value of time lost in congestion. Bay Area residents are delayed in traffic nearly 100 million hours each year and congestion levels have risen 25% in just three years.

The transportation problems of the Bay Area also are reshaping the region's economy. Jobs have dispersed because of the congested state of transportation facilities. Many companies have moved to the suburbs and outlying areas, causing a whole new set of transportation dilemmas. Still others have left the region altogether.

The key element in the transportation crisis is the failure of public policy to keep pace with, and manage, growth in transportation demand. Existing facilities are in need of repair, funding systems are restrictive, and local transit agencies are finding it increasingly difficult to fund operations out of limited public sources.

In seeking solutions to some of these problems through reauthorization of the Surface Transportation Assistance Act, the Bay Area Council offers the following recommendations.

1. **At a minimum, federal funding should continue to be available for regional transportation projects.** The traditional local-state-federal partnership must be maintained, with federal funds continuing to flow to the Bay region. At the local level, a majority of the Bay Area's counties have passed sales tax measures with revenue dedicated to transportation improvements. Statewide, voters recently approved a 100% increase in the state gasoline tax for transportation. The continued federal role in this equation is critical. For example, our local and state resources have enabled the Bay Area to reach consensus on a $3.5 billion rail transit extension program that will seek less than 30% of total costs in federal funding. But without the federal share, the expansion of our regional rail capacity cannot go forward.

2. **In addition, funding guidelines should be established that take into account regional and local transportation priorities: a flexible funding approach.** More flexibility in program funding guidelines is essential if we are to move beyond the restraints of the status quo. Under current program categories, policymakers are forced to make decisions which may, in fact, not serve the best interests of the Bay region. A model for flexible funding is contained in the state gasoline tax package enacted in June 1990. The state plan features an innovative "Flexible Congestion Relief Program" that earmarks $3 billion in tax proceeds for state highway, local street, or mass transit projects -- whichever is most effective in reducing congestion in the particular locale.

3. **Finally, the user fee should be reaffirmed as the cornerstone of federal transportation funding.** New gasoline tax revenue should be dedicated for transportation purposes only. Moreover, existing balances in the Highway Trust Fund should be spent down and not used as an accounting gimmick to reduce the budget deficit on paper. The user fee approach ensures that the users of our transportation network pay for upkeep and improvements. It also can be tailored to incorporate market-based incentives, such as higher tolls and other charges, that discourage single-occupant driving.

For your information, the Bay Area Council is a business-sponsored public affairs organization involved in economic development, housing and land use, transportation, and job training issues. If we can provide further information or assistance, please let me know.

Sincerely,

Angelo J. Siracusa
President

c: Larry Dahms
Kate Breen

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November 30, 1990

The Honorable Senator Alan Cranston
The United States Senate
Commiittee on Banking, Housing and Urban Affairs
534 Senate Dirksen Building
N.E. Washington, DC 20510-6075

Dear Senator Cranston:

Thank you for giving me the opportunity to address the crucial issue of mass transit in America and, in particular, the "urgent changes in mass transit policy" that are necessary if we are to resurrect our nation's economy, clean up its environment, and sever the tether of foreign oil.

I hope that after the past several years of zealous disregard (as opposed to the 1970's "benign neglect") toward public transit, your committee will recognize the Homeric efforts that local and state governments and the public have made toward expanding an improving public transportation.

I am particularly concerned with Washington's increasingly louder calls for "self help" and "additional local responsibility" – quaint euphemisms for picking up more of the tab at the local level. Let me be blunt: We are stooped from picking it up.

In the 28 years since voters in the San Francisco Bay Area approved BART, fully 80 percent of the capital costs and virtually 100 percent of the operating costs have been borne by the local residents to the benefit of the entire U.S. economy.

Consider: Of BART's original $1.6 billion cost, the Federal Government paid $330 million – 20 percent. BART receives no federal operating subsidy; each dollar in fares is matched by a dollar of local sales tax, bridge tolls and property taxes.

Citizens in the three BART counties have been paying an extra 1/2-cent transit sales tax since 1969. In the past few years they have voted to raise it another 1/2-cent. Separately, the voters in virtually all urban counties of California have over the past few years added 1/2-cent increments to their sales taxes to fund public transportation.

Statewide, voters this summer approved a gasoline tax increase of 5-cents effective this year, raising 1-cent per year to a total 9-cent increase. They also approved a pair of transportation bond issues totaling nearly $3 billion.

Meanwhile, the State Legislature has raised numerous transportation-oriented fees, including vehicle registration, weights and bridge tolls.

And as I write these words, transit officials in the Bay Area are debating a mix of increased fees, including parking at work sites and shopping centers, and increased (again) bridge tolls, vehicle registration fees, gasoline taxes, et al. Note that the debate is not "if" and "when" new taxes and fees will be imposed but "how much" and "where."

All this from California, the Eden of "taxpayer revolt."

Meanwhile, the Federal Government pays a paltry 20 percent to 30 percent of public transit costs, while it wantonly discusses helping to pay for **private** toll roads and considers underwriting yet more highways.

Perhaps I beg the question. Why should the Federal Government increase -- or even continue -- its funding of public transportation?

Consider a truckload of Macintosh personal computers made in Fremont, California, a mile or so from a BART station. By current federalist reasoning, if that truck delivers a half-million-dollar load of computers to, say, Portland, Oregon, the federal government should pay for roughly 80 percent of the 1,000 miles of Interstate highway the truck traverses.

But if the banker who lives around the corner from the Macintosh plant takes BART a few miles to San Francisco, where she puts together the $50 million loan that created those computers, and thousands more, along with the hundreds of jobs and thousands of dollars in federal tax revenue, the Federal Government should pay next to nothing.

That's not right. BART delivers a quarter of a million people to revenue-producing, GNP-creating jobs every day. Nationally, tens of millions of workers use public transportation to the betterment of the U.S. economy and environment. Public transit is the mainstay of transportation among the elderly and the disabled.

The chief "urgent change in mass transit policy" in this country is recognition of the Federal Government's responsibility. In order to return the Federal Government to the level of commitment it maintained in 1980, Washington will have to spend $15 billion each year for the next five years. That's just to get you back to where you were; it does not address the problems of congestion, air pollution, and the imbalance of trade that have risen since then.

The reauthorization legislation you are to consider will change the face of American transportation into the 21st Century. You must do an admirable, not just adequate job.

Sincerely,

Sue Hone

Sue Hone
Director

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November 30, 1990

The Honorable Senator Alan Cranston
The United States Senate
Committee on Banking, Housing and Urban Affairs
534 Senate Dirksen Building
N.E., Washington, D.C. 20510-6075

Dear Senator Cranston:

Thank you for giving me the opportunity to attack the Gordian knot of Federal transportation policy.

Volumes of analyses and recommendations could be written on public and private surface transportation in the United States. An appendix of approaches – the environment, energy, Federalism, technology, demographics, international relations, the balance of trade – would dwarf Webster's Unabridged.

So I will be brief. Here is what is absolutely necessary and why.

FUNDING

Two fundamental problems grip Federal public transit funding: There is not enough of it, and what there is is strangled by pettifogging rules and regulations and deliberately counter-productive bureaucratic practices.

About 40 years ago, the Federal Government decided that the nation needed an interstate highway system both to induce and to expand commerce and to provide for that "common defense" that's mentioned in the Preamble to the Constitution.

And so the Federal Government and the various states, working together, built what is arguably the greatest highway system since the Caesar's Via Aurelia. In place of Roman fasces, America's nascent highway system was splashed with signs: "Your Tax Dollars at Work – 90 % Federal, 10 % State and Local Funding." Not as colorful or glamorous as the Romans', I'll grant you, but far, far more democratic and at least equally effective in unifying and enriching a nation.

The same cannot be said for public transit. Today's signs would have to read, in embarrassingly small type: "Your Tax Dollars at Work -- At Least 80 % State and Local, With 20 % Federal Funding -- If You're Lucky."

Yet the nation's needs are the same -- to induce and to expand commerce and to provide for the common defense. Only the times and the enemies have changed. The American economy is choking on traffic, an enemy spawned by its own success, and its citizens are gagging on air befouled with auto emissions. With more than 50 percent of our oil coming in from overseas, national defense and commerce are chained to the vagaries of barbary politics.

We funnel the majority of transportation funding into building more highways and expanding the ones we have -- the latest suggestion would have the Federal Government help to pay for primary as well as interstate highways and for private toll roads. Yet the more highways we build, the more cars we attract to them, the more we choke commerce, the more we foul the environment, and the more dependent we become upon foreign oil and the more tightly bound to foreign politics.

Meanwhile, clean, energy efficient public transportation is the almost un-American stepchild of the transport industry. Of the new 5-cent Federal gasoline tax increase, for example, half will go to deficit reduction, 2-cents to highways, and a 1/2-cent to public transportation.

Current Federal policy calls on state and local governments to assume "greater responsibility" in financing public transit. We have been: Fully 80 percent of BART's construction costs were local bonds and state moneys. All operating costs are local: sales and property taxes, and bridge tolls. And they have been throughout BART's 18-year history.

Voters in the three BART counties have for the second time increased their sales tax a half-cent to pay for public transit. Voters throughout California, the birthplace of the so-called tax revolt, this year overwhelmingly approved a trio of bond and taxing measures to pay for public transit improvements and expansions.

Second, where the flow of Federal funding should be a rational function of mobility needs, cost effective construction schemes, and creative operating strategies, instead it is governed by irrational, artificial, bureaucratic constraints. Public transportation requires long-term financial guarantees that reflect realistic engineering and construction tables, not arbitrary authorization and appropriations cycles.

This problem itself is two fold: Now, funding commitments come in five-year blocks while virtually all fixed-route projects require more than five years to complete. Transit agencies must have extended, multi-year commitments that bridge Federal legislative cycles. Give us full-project commitment from the beginning, without regard to balance sheets for particular authorization periods. And keep the funding coming between authorizations.

The intricacies of combined Federal/state/local financing elevate cash flow management to a high, some would say "surrealistic" art. Projects lurch through fits of starts and stops. Costs escalate while schedules stretch to new lengths. Projects become slaves to bureaucratic mis-management replete with its arsenal of stifling rules and regulations that succeed in deliberately defeating the legislative intent.

ALTERNATIVES ANALYSIS

First the easy part. Allowances must be made for different regional costs. Land, labor and material are far, far more expensive in the San Francisco Bay Area, for example, than they are in, say, Chico, California, and far more expensive in Chico than they are in Fargo, North Dakota.

Now the toughie. "Alternatives Analysis" must be recognized for what it is: the quintessential example of "paralysis of analysis" – a regulatory choke hold.

We obviously support good business practices and historically have accepted the notion of fiscal responsibility. But the present Alternatives Analysis process is cumbersome, time consuming, and both financially and fiscally irresponsible.

As currently exercised by the Department of Transportation it is nothing less than a hindrance to sound investment policy and practice. It is **not** a tool to ensure financial and functional prudence, but a guarantee of failure.

In theory, each piece of the funding puzzle – Alternatives Analysis, Full-Funding Contracts, and accrual of the Mass Transit Trust Fund – may represent reasonable Federal control measures. But taken together, in the real world, the puzzle is unworkable and ensures defeat.

Together, the jigsaw means increased taxpayer costs, delayed deliveries of sorely needed transit projects, and a guarantee that we in the field cannot implement our projects orderly and efficiently using commonly accepted business practices. In the end, the will of Congress is thwarted.

We must have the ability to make sound investment decisions, hold project sponsors accountable for delivery, and spend appropriations consistently. To do this we need creative tools in new legislation including the authority to engage in multi-year contracts, bridge financing between authorization cycles, and the full authority and guarantee of Federal involvement until the project is completed.

Specifically, I propose using the $9 billion that has effectively been impounded in the Mass Transit Trust Fund to bridge authorization cycles. This would allow more transit starts to begin sooner. The fund would in effect become an "insurance" that projects once started would be completed.

As it is now, nothing gets built and the industry – rather than the process – is blamed for being "inefficient." We've been putting our money in the bank waiting for the $9 billion in the Mass Transit Trust Fund that Congress has authorized but the DOT won't release. Public transit's critics, secure in their self-fulfilled prophecy, point to all the money that's in the bank and the Fund and the lack of completed projects, and say we can't get anything done.

Of course we can't. Imagine trying to buy a house with your savings and a mortgage, but the bank won't release your mortgage money. The deal never gets done.

Streamlining isn't good enough. The process, like the Gordian knot, must be cut to the quick.

Frankly, I believe a bureaucracy-with-an-agenda is deliberately the process to intentionally defeat the will of Congress.

REHABILITATION

The billions of dollars spent on public transit in the United States in the past decades represent an investment that cannot be squandered. By not providing a continuing, long-term investment strategy that will insure the survival of the nation's transit infrastructure, I'm afraid our "mature" systems are getting left to "Liquidation Management."

BART, for example, although seen as "new," is 18-years-old. It has carried close to a billion passengers across nearly 11 billion passenger miles. Each of the original 440 cars has logged nearly a million miles.

The system needs a 10-year, $550 million rehabilitation that, if postponed or neglected, will mean the loss of a $10 billion investment.

That's "Liquidation Management," and I have seen it in transit systems across the nation. Rehabilitation is deferred in the name of keeping costs down and patrons/taxpayers happy. But costs soon begin to rise geometrically as maintenance skyrockets. In the last 10 years, BART's maintenance costs have climbed one-third – and ours is a "new" system. The older they get, the more frequently trains and equipment fall out of service, and the more costly the repairs. We are already manufacturing some parts because replacements for our "new" system are no longer available. Unique, custom-made parts are terribly expensive.

We cannot even slow down while we rehabilitate the system. We must move a quarter of a million people each workday while simultaneously expanding the system to meet its original commitment and rehabilitate what we have.

The Federal Government helped to build and then to maintain the nation's highway system. That was money well spent. It is time for it to show the same financial responsibility toward its public transportation systems, particularly in light of its tepid funding of public transit.

INVESTMENT EQUITY

Public transit projects should be funded at the same federal/state ratio that highway projects enjoy. The cornerstone of a balanced surface transportation policy must be one that explicitly avoids distorting local decisions.

Without Investment Equity the playing fields are tilted toward highways and autos. No Federal preference must be either implied or intended. The criteria must be finding the best solution to transportation problems. As it stands, local efforts are aimed at maximizing Federal dollars and minimizing local costs. What local officials would opt for public transit if they got no more than 20 federal-cents for every 80 local-cents their constituents put up, compared to the 80 federal-cents for each of their local 20-cents if they opted for highway work?

Parenthetically, I imagine highway and auto interests are worried at the latest leak of Administration plans to lower Federal participation to 75 percent. Frankly, those of us in public transit wish we could get somewhere near 75 percent.

FUNDING SOURCES

Section 3 discretionary funds should come from the gas tax, and Section 9 formula funds from the general fund. New rail starts should come from the trust fund because of their inherent need for long-term commitment.

Furthermore, either the Section 9 formulas should be kept "as is" or a "unitarian program budget" at authorized levels should be adopted.

A NATIONAL TRANSIT SYSTEM

Public transit supports several key national goals: energy conservation, economic rejuvenation and environmental quality. It should be the forefront of efforts to meet the needs of the disabled and elderly, who form a powerful, permanent -- not to mention growing -- national political bloc.

The United States needs nothing less than a National Public Transit System akin to the successful National Interstate Highway System. What good does it do us, the nation, to move goods freely between states if those goods and the people who would use them can't get between cities? That same Constitutional Preamble says it is the job of the public, though its Congress, to "form a more perfect union" and "promote the general welfare." That's precisely what a National Public Transportation System would do.

But you, the Congress, must act aggressively now. Think of transit not as one more "categorical program," but as an important cement that bind and fortifies the numerous federal priorities and national objectives. Not as just another program, but as the sine qua non of programs.

Again, thank you for giving me the opportunity to address the pressing issue of public transit in the United States. The decisions you reach in drafting authorization legislation will affect the nation profoundly in the next five years. With the completion of the 43,000-mile interstate highway system at hand, the public choking on congestion and coughing on air pollution, and our political fate increasingly linked to foreign events, the impact of your decisions on both motoring and public transit patrons are perhaps the most important in decades.

I am eager, and would be honored, to present public transit's case to your committee.

Sincerely,

Frank J. Wilson

Frank J. Wilson
General Manager

CITY OF CULVER CITY
9770 CULVER BOULEVARD • P.O. BOX 507
CULVER CITY, CALIFORNIA 90230-0507

November 27, 1990

Senator Alan Cranston
Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's need forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems -- nothing else does so many things so well.

I am the manager of Culver City Municipal Bus Lines, known as Culver CityBus, which is one of the thirteen municipal transit systems within Los Angeles County that complements the regional transit operator, the Southern California Rapid Transit District. Founded on March 4, 1928, it is next to San Francisco Muni the oldest continuously operating municipal bus system in the State of California. We are operating on the very densely populated area on the westside of Los Angeles, providing transit service to Culver City and the communities of Westchester, Marina del Rey, Palms, Rancho Park, Venice, Mar Vista, Westwood and West Los Angeles.

Meeting the ever increasing demand for our services has been a constant challenge. In FY 1990 we carried 3.8 million passengers with a fleet of only 28 buses. This is a 10 percent increase over last year's ridership and an all time record for our transit system, which carried 35 percent fewer passengers only five years ago.

The ridership increase experienced by Culver CityBus is not unique. The other twelve municipal transit systems within Los Angeles County are experiencing similar increases. The primary factors contributing to the increased transit demand in the area are land development, traffic congestion, rising gasoline prices and local regulations such as Regulation XV. The goal of Regulation XV, imposed by the Air Quality Management District, is to meet the Federal requirements of the Clean Air Act by requiring all employers in the Los Angeles Basin with more than 100 employees to drastically reduce the number of cars used for commuting purposes. Stiff penalties are imposed for non-compliance. As part of their effort to reduce the number of cars many employers are now providing subsidized transit passes to their employees.

Increased ridership is the goal of every transit system. However, with success comes additional financial burdens. I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflects a public recognition of the need to support essential domestic programs.

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is not guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last 10 years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have stretched all they can do. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program.

Culver CityBus is a good example for what is happening in the industry. We are carrying now 50 passengers per service hour systemwide. Since we are operating from 5:AM in the morning to midnight seven days a week, this indicator means that many of our buses are filled to capacity and overcrowded during peak service hours. To better meet the demand for our services, additional capital and operating assistance will be necessary. Last but not least, Culver CityBus is in dire need of a new facility to accommodate our growing needs. The State of California and Los Angeles County contribute sustantially to the transit systems in the area through the imposition of state and local taxes. But with the approval of another 1/2 cent County sales tax in November 1990 to support local transit needs, no further increases are possible under California State law. These locally raised transit funds are essential for our transit system but insufficient for all our capital and operating needs. Therefore an increase in the federal commitment is vital. Without federal assistance we will be unable to replace our aging bus fleet, build a new facility or comply with the recent federal requirements of the 1990 Clean Air Act and the Americans with Disabilities Act.

I understand that our needs are typical for the industry. A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 to 1997 period. Much of these funds are needed to replace old buses, which have not been replaced due to budgetary constraints, extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

To raise additional funds for transit, the transit industry proposed a federal transit program of $11 billion supported by a seven cent increase in the federal gasoline tax dedicated to transit. I fully support this proposal. While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increase already provided in the FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Providing funds for transit is a cost-effective alternative to funding additional costly highways. Aside from being costly the construction of more highways in our area would be constraint by physical limitations and environmental concerns. The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer but more efficient vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution and traffic congestion which is responsible for so much of the smog in the Los Angeles basin. Our dramatic ridership increases in the last years prove the demand for our services. Changes in the federal tax law such as an increase in the tax exemption for transit subsidies to $60 a month would raise our ridership even further and contribute substantially to our national goal of improved air quality and reduced congestion.

Last but not least, in reauthorizing the transit program I fully support retention of basic formula and discretionary programs as they exist. Especially the Section 9 formula allocation program is essential for us transit operators since it enables us to forecast our revenues accurately and thus enhances our ability to better budget our resources. A discretionary program alone would not accomplish this.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and our recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

David R. Ashcraft
Transportation Director

cc: LACTC
    APTA

City of Montebello

ALL AMERICA CITY

1600 W. BEVERLY BOULEVARD
MONTEBELLO, CA 90640
(213) 725-1200

December 10, 1990

Senator Alan Cranston
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to develop a surface transportation program which effectively responds to existing and emerging needs.

Montebello Municipal Bus Lines operates the third largest municipal bus system in Los Angeles County annually transporting over 6 million passengers. Documented records show that Montebello's Bus System experienced a 56% increase in passengers since FY 1983. We are anxiously looking forward to continued ridership growth and expansion of service with Local, State and Federal financial support.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without adequate federal program.

Los Angeles County voters recently passed Proposition C which will provide LA County Rail and Bus Operators with approximately $400 million in local sales tax revenues. In addition, on July 1, 1990 Montebello Municipal Bus Lines raised fares to provide necessary operating funds to expand service on heavily traveled bus routes.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

Montebello Municipal Bus Lines recently contracted with Fleet Maintenance Consultants to complete a comprehensive Corporate Yard Facility Master Plan which evaluated existing facilities and identified the need for facility expansion to meet operation needs between now and the year 2001. Examples of proposed capital projects are:

- Replacement of existing fuel tanks and fuel island to meet State and Federal Environmental requirements.
- Replacement of existing bus wash facility.
- Removal of contaminated soil.
- Expansion of maintenance and bus parking lot facilities.
- Construction of new expanded administrative facilities.

The proposed improvements are estimated to cost approximately $9 million dollars.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Establish a stronger multi-model approach in planning, funding and decision making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely'

Jack Gabig

Jack Gabig
Director of Transportation

JG:LT:ob

ltranspd

cc: Richard Torres
APTA

city of san luis obispo

OFFICE OF THE CITY COUNCIL
Post Office Box 8100 • San Luis Obispo, CA 93403-8100 • 805/549-7111

December 4, 1990

The Honorable Alan Cranston, Chairman
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, DC 20510-6075

Dear Mr. Chairman:

Thank you for soliciting our views as you begin the process of reauthorizing the surface transportation program. The part played by the Federal government in providing transit services at the local level is to say the least a major portion in that all of our rolling stock has been purchased over the years with the assistance of UMTA grants.

San Luis Obispo City Transit is held in high regard within the industry for not only our ridership numbers but for the high level of public participation in financially supporting the system. For those who are transit dependent and the ever increasing number of riders that have a choice of transportation, San Luis Obispo Transit (SLO Transit) is approaching ridership of 3/4 of a million riders per year. As you are aware, California Polytechnic University is located in San Luis Obispo and our transit system provides a very high number of trips to and from the university on a daily basis along with a high number of commuters going to and from work.

We are very thankful that in this time of tough budget negotiations that the Congress saw fit to reauthorize the spending level in support of transit for fiscal year 1991. As you know in recent years the funding level has been continually eroded which has prevented SLO Transit on a local level in being able to expand service that is continually being requested by our citizens. The funding level gives us hope that we will be able to replace some of the antiquated buses that we now have in our fleet. The reduced funding level over recent years has required both greater commitment at the local taxing level, but also increased farebox revenue demands from those using the system.

We are currently awaiting word on an UMTA grant request to replace two of our existing seven-bus fleet with plans to add at least two more in the very near future. With this increased rolling stock, we will attempt to be able to provide additional service and take some of the pressure off of our existing routes to enable them to return to a higher level of on-time performance.

Transit funding makes very good sense in San Luis Obispo because we could run our entire system for 15 years for the cost of building one mile of new freeway. San Luis Obispo is a very environmentally conscious community and in the continuing spirit of support for the environment and our economy, the City Council recently authorized free transit on all transit on all routes of SLO Transit for an entire week in an effort to show support for not only the concept of public transit, but as an inducement to those not using transit to change their commuting habits.

We applaud your committee's support for all forms of public transportation, be it bus, rail, ridesharing or van pooling and ask for your continued support with special emphasis on the rural provider who is often times overlooked when trying to compete with the more glamorous big city rail operations.

Again, I thank you for the efforts that you and your sub-committee have made on behalf of transit over the past decade and thank you for your vote of confidence by reauthorizing the transit proposals that are before you now.

Sincerely,

Penny Rappa

PENNY RAPPA
Councilwoman
Board Member of San Luis Obispo Area Coordinating Council
Board Member of San Luis Obispo Regional Transit Authority

HW:PR:bw

c: City Council
John Dunn, City Administrative Officer

Commuter Transportation Services, Inc.
Commuter Computer

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American Honda
A. NORTON YOUNGLOVE
Riverside County
Board of Supervisors

October 29, 1990

The Honorable Alan Cranston
Chairman
Senate Subcommittee on
Housing and Urban Affairs
SD-535 Dirksen Senate Building
Washington, DC 20510

Dear Senator Cranston:

Enclosed are our comments to the questionnaire following the Urban Mass Transit Act reauthorization field hearings.

We thank you for the opportunity to participate in the reauthorization process and hope our comments are helpful. Please call if we can be of further assistance regarding commuter mobility issues.

Sincerely,

JIM SIMS
President

JS:hi

Attachment

3550 Wilshire Boulevard
Suite 300
Los Angeles, CA 90010
(213) 350-7750
FAX (213) 383-8034

1. RESEARCH AND DEVELOPMENT

How can the federal government more effectively assist those technological advances through better transit services?

The federal transportation policy should provide funding for demand management research. TDM is a relatively new way of resolving mobility and environmental problems and, therefore, data is sometimes incomplete or not comprehensive enough to provide a full disclosure of its potential.

As a commute management company, CTS is not particularly well-versed in the technological aspects of transit research and development. We suggest contacting the Los Angeles County Transportation Commission (LACTC) and/or the Southern California Rapid Transit District (RTD) for further information.

2. SHIFT OF EMPHASIS

How can federal assistance encourage such a shift of emphasis from vehicles to people? How can we improve federal transportation policy to allow states, localities, and regions the flexibility to choose the most appropriate mix of transportation?

In several areas, federal transportation policy is inconsistent with its efforts to clean the air. We believe the underlying problem is that federal transportation funding is inflexible and actually encourages independent vehicle use. We offer the following recommendations:

- Make federal highway dollars as available for demand and system management projects as they are for capital projects. Federal highway funds should not be predisposed for only certain types of projects. There should be no inducement for selecting transportation projects for reasons other than absolute effectiveness.

- Change the federal tax policy whereby all employer-provided commute benefits are treated in a comprehensive, nondiscriminatory, and equitable fashion. Currently, employer-provided parking is considered a tax-free benefit. In contrast, an employer may provide only up to $15 per month tax-free toward a mass transit fare. A penny more results in the entire subsidy to be included in the employee's taxable income. There are different rules for employer-provided vanpool benefits.

  In effect, federal tax policy encourages employers to provide parking and discourages them from subsidizing alternative commute modes because of administratively burdensome and confusing policies. To our knowledge, federal tax policy may be one of the most important factors that determines commute mode, and should be crafted in a way that takes advantage of, rather than hinders, private sector initiative.

- Include in the federal transportation policy capital improvements in urban areas that encourage or benefit carpooling, vanpooling, and mass transit use. We are referring to high occupancy vehicle (HOV) facilities and park-n-ride facilities. HOV facilities are a cost-effective means of increasing system capacity while reducing tailpipe emissions (the number one source of pollutants in Southern California) and unnecessary gasoline consumption.

  According to Caltrans, the El Monte Expressway on Interstate 10 carries more than 8,700 persons over a two-hour afternoon peak period. It would take almost 2.5 regular mixed-flow lanes to serve an equivalent number of commuters. Granted, HOV facilities may not be the most appropriate strategy in every instance, but it should be part of the menu of consideration.

3. CLEAN AIR AMENDMENTS

What kind of additional burdens on mass transit do you anticipate as a consequence of the Clean Air Amendments? How could federal mass transit policy help achieve the goal of the Clean Air Amendments, namely, healthy air in every region of the country?

CTS offers the following suggestions on how the federal mass transit policy can be used to help achieve federal, state, and local clean air goals.

- Make federal highway dollars as available for demand and system management projects as they are for capital projects.

- Consider TDM alternatives, prior to increasing capacity through capital improvements.

- Provide research funds to determine the cost-effectiveness of TDM on reducing air pollution.

- Provide funding for farebox conversions to ease travel among independent transit companies and thereby encourage transit use.

- Provide funding for clean fuel vehicles, which are being required by clean air legislation sans funding.

4. LOCAL ORDINANCES

In what ways could you support significant federal efforts and incentives to encourage local governments to adopt similar laws without interfering in their respective authorities? To what extent could these types of ordinances become a much larger part of a national transportation policy? Or do they only have a limited capacity to help ease congestion?

CTS supports the general premise of the federal Clean Air Act that allows states and local agencies to establish specific attainment strategies to meet federal standards. However, we believe changes to federal transportation funding and the federal tax policy are necessary to enhance local government efforts.

In California, cities and counties will soon begin developing their Congestion Management Plans (CMPs). These CMPs were part of the gas tax package that voters approved this past June, and are designed to better link transportation and land use planning to reduce urban traffic congestion and enhance the implementation of local clean air plans. The CMP process may be a future strategy at the federal level once we determine its effectiveness on mobility and air quality in California.

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

ROBERT STOCKWELL
PRESIDENT, BOARD OF DIRECTORS

November 28, 1990

The Honorable Alan Cranston
United States Senate
Committee on Banking, Housing and Urban Affairs
Washington, D.C. 20510-6075

Dear Senator Cranston:

On behalf of the Golden Gate Bridge, Highway & Transportation District, I am writing in response to your request for recommendations for changes in the reauthorization of the Urban Mass Transportation Act. The District operates a multi-modal mass transit system in the San Francisco Bay Area and works in close cooperation with other transit operating agencies and the area's regional transportation planning agency, Metropolitan Transportation Commission (MTC).

The District is a member of the American Public Transit Association and supports its T2000 Principles and recommends their utilization in the reauthorization of the Urban Mass Transportation Act. The main concepts embodied in these principles have been described as 1) stressing mobility in contrast to modal orientation; 2) encouraging highway/transit investment trade-offs; and 3) implementing substantial user fee increases to increase investments in transportation. Implementation of these concepts can provide a boost to the transit industry by making available more federal funding and can increase transportation productivity by permitting a more flexible process in the decision making process.

The District stresses the importance of dedicated and stable sources of transit funding. This allows transit operating agencies to make realistic plans and to concentrate resources on the delivery of services rather than on fund raising and lobbying. In some areas, the electorate or the local legislative bodies have recognized the importance of transit by providing local dedicated sources of funding. The federal government can further encourage those areas that provide significant local transit funding by including local support as a federal funding criterion. This District is a case in point, 85 percent of its operating costs are funded locally.

Additionally, this District agrees that the federal government should provide additional funding to meet the requirements imposed by new federal policies and mandates. For example, requirements being established under the Americans with Disabilities Act will impose significant new costs on the transit industry. The new authorization should address these costs.

BOX 9000, PRESIDIO STATION • SAN FRANCISCO, CALIFORNIA 94129-0601 • TELEPHONE 415/921-5858

The Honorable Alan Cranston
Page 2
November 28, 1990

This District also strongly recommends that the federal funding process be made more flexible to better encourage integration of freeways and other traffic facilities and transit. Reauthorization of the UMT Act provides an opportunity to remove the so called **anti-transit bias** found in alternatives analysis requirements and other regulations. A particularly troublesome area is alternatives analysis for rail investment which in practice may inhibit transit development. For example, Secretary Skinner's National Transportation Policy calls for a flexible, intermodal approach and this District supports changes in line with that objective.

Investment in transit presents an opportunity to address several national issues at once. Such concerns as severe air pollution, reliance on foreign oil, and lack of land for affordable housing can all benefit from transit investment. First and foremost, transit use improves the environment. In many areas, automobiles are the primary source of air pollutants. Transit use can greatly diminish vehicle miles travelled and the resultant air pollution. Secondly, transit use lessens dependence on petroleum imports by substituting a mode that consumes relatively little petroleum for one that consumes much. Third, integration of transit and land-use/development decisions can help control urban and suburban sprawl, freeing up more scarce land for housing and other purposes and diminishing the need for more roads and parking. Many areas are simply running out of room to build highways and other automobile serving facilities. Transit investment can meet rising transportation demand without consuming inordinate amounts of land.

Clearly, implementation of a flexible National Transportation Policy with a dedicated source of transit funding will have beneficial impacts throughout society. With federal support for transit, an attractive and convenient alternative to the automobile can be provided and more people can be persuaded to travel by this efficient and environmentally sound transportation mode.

The District appreciates this opportunity to comment on these issues.

Very truly yours,

B Stockwell

Robert B. Stockwell
President

RBS:rcs
[illegible]

MTDB
Metropolitan Transit Development Board

1255 Imperial Avenue, Suite 1000
San Diego, CA 92101-7490
(619) 231-1466
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November 26, 1990 G-M 2

The Honorable Alan Cranston ✓
The Honorable Alfonse D'Amato
United States Senate
Committee on Banking, Housing
and Urban Affairs
Washington, D.C. 20510-6075

Dear Senators Cranston and D'Amato:

RE: FEDERAL MASS TRANSIT POLICY

In response to your request dated October 18, 1990, enclosed is a paper summarizing my recommendations on the most urgent changes in mass transit policy that Congress needs to consider.

I hope that my thoughts will be helpful to you and the other Committee members as Congress considers the reauthorization of the Urban Mass Transit Act next year.

Sincerely,

James R. Mills
Chairman

JRM:dag
L-CRNSTNAMTO.TFL

Enclosure

Member Agencies
City of Chula Vista, City of Coronado, City of El Cajon, City of Imperial Beach, City of La Mesa, City of Lemon Grove, City of National City, City of Poway, City of San Diego, City of Santee, County of San Diego, State of California
Metropolitan Transit Development Board is Coordinator of the Metropolitan Transit System and is Regulatory Authority for Paratransit Administration
Subsidiary Corporations San Diego Transit Corporation, San Diego Trolley, Inc. and San Diego & Arizona Eastern Railway Company

FEDERAL MASS TRANSIT POLICY:
RECOMMENDATIONS FOR CHANGE

Prepared by James R. Mills, Chairman
San Diego Metropolitan Transit Development Board
November 1990

I welcome this opportunity to offer my views regarding changes to our federal mass transit policy. There is a major principle that I wish to advocate. No approach to providing mobility to people and to goods can succeed if there is an unreasonable emphasis upon one mode of transportation as opposed to too little emphasis upon some other mode or modes. What is needed is a balanced approach, one that allows the various communities and the various areas of the nation to deal with localized problems in whatever might be the most effective way.

Making funds more freely available for highways than for transit lines in metropolitan areas, for example, is not a wise way to solve problems of traffic congestion in cities like Los Angeles and San Diego, where it is not practical to build any more freeways to serve the center city area. It may be that freeways are the best way to get people from city to city or from suburb to suburb, but there is probably no American city where the best way of getting increasing numbers of people into and out of the center city is the construction of more freeways.

Federal policy, by making funds to build transit systems harder to get than funds to build roads, forces urban areas to make decisions that are based upon the availability of funds, rather than upon the utility of the alternative means of solving problems. In San Diego, we have opted to build a busway rather than a light railway down the middle of Interstate Route 15. The reason was that it's easier to get moneys for highways than for railways.

The apologists for the project hasten to say that, if the patronage of the busway increases enough, it could then be converted to a light rail line. That would double the cost. A rail line could be built for the same amount of money as a busway, and would have the capacity to handle the increases that would require the conversion. Furthermore, if those increases do develop, the busway will be too necessary to give up for the time that would be required to convert it, so the busway will never by converted, regardless of expense, no matter how much patronage may increase.

The San Diego - Los Angeles corridor is another example of why artificial constraints on how money may be used to solve transportation problems should be mitigated. It is not possible to build an additional freeway between those two rapidly growing metropolitan areas. That is not a matter of debate. Neither is the fact that Interstate Route 5 is getting to be terribly congested and that the future holds a threat of total gridlock on that highway on weekends and holidays. The only way to relieve traffic on that highway seems to be the improvement of the parallel railway which, if double-tracked, could handle more travelers than Interstate 5. However, that solution, the cheapest by far and perhaps the only one available to solve a highway problem, cannot be funded with highway funds.

In short, what we need is a federal policy that allows problems to be solved in the most effective and economical way, rather than one that says the nation will produce money much more willingly for one mode of transportation than another, without regard for the suitability of that one system in a particular application.

The failure to formulate such a policy is likely to result in the cities of America becoming more blighted with traffic congestion and air pollution until they become dreadful places to live. Other industrial nations have, in fact, developed cohesive transportation policies of the kind this country should formulate. None of them have made the mistake we have of trying to accommodate commuters in great cities like Los Angeles and San Diego mostly on freeways rather than mostly on transit facilities. A comparison of the effects of American policies, as opposed to the policies of every other industrialized nation, makes it clear that it is the United States that has been out of touch with reality in this regard, not the rest of the world. It is time to recognize that fact and to respond to it.

JRM:dag
TRNS2020
11-12-90

MTC
METROPOLITAN
TRANSPORTATION
COMMISSION

December 12, 1990

The Honorable Alan Cranston
U. S. Senate
Hart Senate Office Building, Suite 112
Constitution Avenue & 2nd St., N.E.
Washington, D.C. 20510

Dear Senator Cranston:

In response to your invitation, we are submitting MTC principles and recommendations relating to reauthorization of the Urban Mass Transit Act as part of a proposed Surface Transportation Assistance Act scheduled to be before Congress in 1991.

We attach:

1) MTC's "Principles for Post-Interstate Advocacy"

2) "Tying It All Together", a brochure summarizing Local and Regional Government Recommendations for Reauthorization of the Federal Surface Transportation Act jointly advocated by six public interest groups.

3) "Federal Transportation Program Reauthorization Areas of Agreement" endorsed by the Chairman of the California Transportation Commission, Caltrans Director and Executive Directors of California's largest metropolitan planning organizations.

4) A discussion paper regarding a) flexibility, b) local match and c) alternatives analysis

I believe you will find surprising similarity in these four documents. Your letter indicates you will publish an executive summary if our material exceeds ten pages. In that event, we suggest you reprint Attachment 2 - "Tying It All Together."

Thank you for the opportunity to provide information. We look forward to working with you as the Congress addresses reauthorization.

Sincerely,

Lawrence D. Dahms
Executive Director

LDD:d
enclosures

Alameda County
David S. Karp
Edward R. Campbell

Contra Costa County
Robert I. Schroder
Steve Weir
Vice-Chair

Marin County
Robert B. Stockwell

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Chairperson

Solano County
James Spering

Sonoma County
William R. Lucius

Association of
Bay Area Governments
Dianne McKenna

S.F. Bay Conservation
and Development
Commission
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MTC
METROPOLITAN
TRANSPORTATION
COMMISSION

PRINCIPLES FOR POST-INTERSTATE ADVOCACY

Preamble

With the Interstate Highway System scheduled for completion in 1991, an opportunity is at hand to redefine state and federal highway and transit programs. The resources currently devoted to the construction of the Interstate system and any increased revenues should be used for attacking urban/suburban congestion, revitalizing rural economies, and maintaining the existing surface transportation system. To accomplish this redefinition, the Metropolitan Transportation Commission supports the following principles.

Increase the Gas Tax for Transportation

State and federal gas tax increases are needed to sustain and improve the nation's surface transportation systems. Transportation needs must be considered first whenever gasoline taxes are proposed.

Formula Funding Distribution

State and federal funding should be predictable and, to the extent feasible, distributed to fund metropolitan and rural transportation systems using equitable formulas. Meaningful budget choices and a firm planning base are fostered by carefully defined formula programs.

Systems Emphasis

A network of metropolitan transportation systems in urban/suburban areas and a network of rural systems consisting of major highways and transit routes should be defined through existing federal, state and local partnerships. The complementary and interdependent functions of the interstate freeways, state highways, local arterials and major transit lines, irrespective of ownership, should be recognized.

Flexible Use of Funds

Sufficient funds should be set aside and highest priority given to maintain the Interstate system, paralleled by funds set aside to maintain and operate the nation's public transit systems. State and federal governments should then encourage cost-effective investments by blending major transit and highway capital funding available for system expansion by creating one account for the urban/suburban systems and another account for rural systems. System options should include freeways, expressways, transit guideways, arterials and operational improvements. Federal matching requirements should be uniform for investments in new or expanded highway and transit facilities.

Maintain Local Roads

Sufficient funds should be dedicated to adequately maintain city streets and county roads.

Approved by the Commission March 22, 1989

Alameda County
David S. Karp
Edward R. Campbell

Contra Costa County
Robert I. Schroder
Steve Weir
Vice-Chair

Marin County
Robert B. Stockwell

Napa County
Fred Negri

San Francisco-
City and County
Doris W. Kahn
Harry G. Britt

San Mateo County
Jane Baker
Tom Nolan

Santa Clara County
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Association of
Bay Area Governments
Dianne McKenna

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and Development
Commission
Angelo J. Siracusa

State Business,
Transportation and
Housing Agency
Preston Kelley

Executive Director
Lawrence D. Dahms

Deputy Executive Director
William F. Hein

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THE RECOMMENDATIONS

- Reaffirm the PARTNERSHIP of federal, state and local governments.
- Increase federal, state and local EXPENDITURES.
- Focus and simplify the PROGRAM WITH COMPONENTS aimed at :
  1. Sustaining the interstate.
  2. Metropolitan mobility.
  3. Rural access.
  4. Bridge repair.
- Assure EQUITY and ACCOUNTABILITY through formula allocations focused on these four basic components.
- Increase crossmodal FLEXIBILITY.
- Increase LOCAL DECISION MAKING.

These recommendations are jointly advocated by the following public interest groups:

American Public Transit Association

American Public Works Association

National Association of Counties

National Association of Regional Councils

National League of Cities

United States Conference of Mayors

TYING IT ALL TOGETHER

Local and Regional Government
Recommendations
for
Reauthorization
of the
Federal Surface Transportation Act

THE FACTS

- Cities and farms are the building blocks of the national economy.
- Congestion is thwarting metropolitan productivity and degrading the environment.
- Isolation threatens rural America.
- The federal role extends beyond the interstate.
- Urban and rural arterials and public transportation have been neglected.
- The federal program must be redirected to meet the challenging transportation needs of the 1990s and beyond.

THE LOCAL PERSPECTIVE

Construction of the 44,000-mile interstate highway system has dominated the federal-aid surface transportation program since 1956. On September 30, 1991, authorization for the current federal surface transportation program will expire. A once-in-a-generation opportunity exists to redirect the federal surface transportation program to reflect the nation's economic, social, and environmental values and objectives in today's world. The federal program should be restructured to:

- enhance national productivity and international competitiveness;
- foster state and local economic development; and
- support the national goal of improving the quality of life for generations to come.

Our urban and rural communities are the economic engines that drive the nation's economy. Their continued economic vitality is threatened by the ever-increasing congestion and declining mobility in metropolitan regions and by the growing isolation of rural citizens and communities. The new federal surface transportation program must provide for a renewed federal, state, and local resource commitment to the surface transportation infrastructure of metropolitan and rural regions. The new program must strengthen the federal, state, and local partnership and the ability of local government to maximize the combined effectiveness of highway and mass transit investments. The new program must be characterized by increased investment and flexibility, formula allocations at the state and local level, increased coordination between transportation investment and land use decisions, and enhanced reconciliation of mobility objectives and environmental goals.

The interstate highway system has been successful in linking the nation's urban communities and rural regions. At the same time, interstate facilities have also served local and regional travel. In meeting these dual needs, the primary use of the interstate for through travel has often been overwhelmed by local use. To ensure continued through travel utility of the interstate system, the federal-aid program must:

- provide for restoration, repair and reconstruction of the interstate, and
- redirect resources to provide alternative travel options—both transit and roadway—for local traffic.

Six national organizations of local government take the position that, to meet these goals, the federal government must renew its commitment to metropolitan and rural mobility and redirect resources to reverse the rising trend of metropolitan congestion and rural isolation. These organizations share the view that the federal surface transportation program must direct resources to maintaining the interstate, repairing our nation's bridges, enhancing metropolitan mobility, and improving rural access.

Federal Transportation Program Reauthorization

Areas of Agreement

1. **The reauthorization of the federal transportation program must address long-term structural changes.**

   The "business as usual" approach of reauthorizing existing federal programs will not deliver the transportation investments that are oriented toward our changing production processes for the *post-industrial economy* or that are necessary to respond to growing and changing demands. Providing adequate mobility in urban areas and high-growth communities requires that states and local governments have federal programs that allow them to develop the transportation system that best suits the widely ranging circumstances of each area.

2. **All transportation trust funds should be made permanent and their user fees dedicated to those trust funds only. Trust fund revenues must be spent on transportation.**

   State and federal funding must be predictable over the long term and, to the extent feasible, distributed using equitable formulae. The level of available funding over many years is a critical factor in making important choices such as balance among modes and level of capital investment in the development of urban transportation systems.

3. **Transportation policy and programs must be reconciled with environmental policy and programs.**

   There are new clean air and energy imperatives emerging for the transportation program that can take precedence over concern for mobility or economic growth. Inconsistencies in the current transportation program with the Clean Air Act and energy requirements are causing a crisis in delivery of transportation investments. To achieve an effective balance of national goals for mobility, clean air, and energy conservation, state and local agencies need increased discretion and flexibility in implementing federal transportation programs to permit decisions on capital investments in major urban areas to be made without bias toward mode, funding source, differences in matching ratios, ownership, or other federal procedures or regulations.

4. **Structural changes to the federal transportation program should result in a streamlined and simplified program.**

The key features of a new federal program that will enable states and local agencies to meet urban and rural needs and respond to growth and changes in employment patterns are:

1) A concise and policy-driven national highway system;

2) A program to maintain and operate the nation's public transit systems;

3) A principal new federal urban/rural program that allows the cost-effective integration of different modes and facilities into a multi-modal transportation system, and

4) Uniform federal matching requirements for investments in new or expanded highway and transit facilities. In addition, the new law should link the existing "3C" intergovernmental planning process more directly to the process of allocating funds to ensure that the scarce resources are being employed to develop the most effective system.

5. **In order for states and local governments to assume the leadership roles in transportation, they will need to be given flexibility and discretion in transportation decision making.**

While the concept of flexibility in administration of the federal surface transportation program appears to be gathering momentum, the definition of flexibility may have different interpretations. In order for the concept to be operational, certain minimum conditions are required as follows:

1) Every state must be assured that allocation formulas will result in an equitable distribution of program funds.;

2) Federal matching ratios will not be varied in order to direct state and local decisions;

3) Given an assurance of equitable allocations, states should have the option to tailor the state/federal matching requirements within the overall state program, and

4) Federal demonstration funding projects are limited to a clearly defined program administered by the United States Department of Transportation.

Discussion of a) Flexibility; b) Local Match and c) Alternatives Analysis.

a.) Flexibility

"Flexibility" in the context of reauthorization of the federal Surface Transportation Assistance Act is gathering support. Parties in the current reauthorization debate describe "flexibility" that is either needed or included in a particular proposal.

What is meant when we argue for increased "flexibility" in the federal transportation program?

Flexibility entails the elimination of restrictive categorical program restraints while at the same time protecting facilities investment and infrastructure. This flexibility in the use of transportation funds is critical if policymakers are to select the best transportation solution for a particular region or problem.

The case for flexibility recognizes that urban areas may need investments in non-Interstate highway projects and arterials that can relieve freeways when further highway expansion is impossible due to cost, land use constraints and air quality concerns. Expansion of bus and rail transit systems may also provide a more logical and politically acceptable solution in some corridors when compared to alternative highway investments. The point is that added flexibility is intended to encourage choice of the most effective investments rather than investments for which specific categorical funding is available.

Within the flexible program concept is a refinement which is intended to ensure the achievement of intended results. This refinement is the establishment of a uniform matching ratio for all federal transportation programs so that investment decisions are aimed not at achieving the most favorable match requirement but the best investment for a particular corridor.

b.) Uniform Match Ratio

Under the current Surface Transportation Assistance Act, there is a range of matching ratios for various federal-aid transportation programs. For highway programs, the Interstate System and Interstate 4R generally require 10% local match; Federal-aid primary, urban and secondary each generally require 25% local match; and Special purpose program match requirements range from 0% to 25%. For transit programs, UMTA Section 3 (discretionary) requires at least 25% local match with reward for overmatch; and UMTA Section 9 (formula) requires at least 20% local match.

As a result of matching ratio bias and program restraints, little room is left to make investment decisions based on actual local or regional needs.

Existing federal funding categories effectively prevent the best decision from being made when either an area must leave its potential share of specific program dollars untapped or choose a program option not because it achieves long-term transportation goals but primarily because it requires the lowest local match.

Unfortunately, reauthorization proposals submitted by the Administration and the FHWA perpetuate the modal bias inherent in the existing program, retaining current match ratios. In addition, the FHWA proposes to establish a National Highway System in excess of 150,000 miles, nearly four times the entire completed Interstate system. This approach requires us to take a single-system focus and leads us away from seeking multimodal solutions to our transportation problems.

The completion of the Interstate system and the expiration of the current Surface Transportation Assistance Act provides us with a unique opportunity to make significant improvements to the federal transportation program.

In reexamining match ratios in the context of reauthorization, we advocate a uniform ratio in an effort to establish a level playing field for highway and transit in competition for federal dollars. This match equality, along with the elimination of categorical restraints, will foster the best return on investment of our transportation dollars. The existing state-local decision process described in federal law would provide the basis for determining how planning and funding decisions would be made. This existing program could impose a system discipline while providing enough flexibility to encourage the integration of freeways, local arterials, transit and major terminals.

c.) Alternatives Analysis Process

The Alternatives Analysis (A.A.) process was established with the intention of assisting in UMTA's decision-making process on rail investments. The A.A. process has instead served to inhibit transit development. Reauthorization of the federal Surface Transportation program provides us with an opportunity to correct existing problems with the UMTA Alternative Analysis program.

Instead of a process which inhibits local initiative, adds years to project delivery schedules, and limits the examination of realistic project alternatives, we propose an analytical approach which rewards local investment, focuses on performance, and puts federal objectives in places where national goals can be met. Three objectives are relevant to the UMTA program.

The A.A. process should focus on the key choice between modes, allowing investment to be made where it is most cost-effective--rail, bus, or highway. Currently, categorical programs force program decisions to be made within a narrow range of alternatives. In large metropolitan areas, the choice is realistically between expansion of highway capacity and transit investment. In many instances, the cost per rider of providing highway capacity is far greater than the cost per rider of a transit investment. Yet, A.A. methodology focuses study on comparisons between increased bus service and new rail service. The A.A. process should focus on the key choice between modes, and the investment should be made wherever it is cost-effective--rail, bus, or highway.

Project decision-making should be focused at the local level, with the federal government providing incentives for local financial support and improving system performance. This approach would encourage collaborative regional planning efforts such as the Bay Area's New Rail Starts program, which represents a regionwide consensus developed around a $3.3 billion regional rail extension program. The A.A. process should encourage this kind of program and yet, we have been hampered in advancing the New Rail Starts program by UMTA's reliance on a nationwide $6 per new rider cost effectiveness index which forces the Bay Area to compete for UMTA funds under the same cost index as Atlanta, Austin and Salt Lake City. The index ignores that such cities do not have comparable land prices, construction costs or transit operating costs, resulting in penalty against Bay Area projects because of our local economy. One possible solution to this problem is to institute a "buy down" of the cost per new rider in recognition of local funding.

UMTA's Alternative Analysis process needs to be more flexible, responsive and performance oriented towards transit investment. Reauthorization of the Surface Transportation Program presents us with an opportunity to develop a federal transportation program which provides stable, geographically based funding, multi-modal flexibility and system performance focus. Such a new program will resovle our difficulties with the existing UMTA investment policy and meet the national objective of ensuring a sound return on the federal transportation investment.

Modern Transit Society
P.O. Box 5582, San Jose CA 95150 ~~408/985-1848~~

November 22, 1990

Senate Committee on Banking,
Housing, and Urban Affairs
Washington, DC 20510-6075

Hon. Senators:

I Have succeeded Akos Szoboszlay as president of the Modern Transit Society, and am responding to the invitation extended to him in your letter dated November 6th.

Our Society has, during the past two decades, promulgated transport systems which can provide the random-access-random-time travel associated with the automobile without the auto's costs in terms of life, community disruption, petroleum waste, and pollution.

Implementation of such systems has been constrained by the common misconception of the auto as a low-cost mobility means. We therefore believe that needed changes in mass transit policy must include recognition of the degree to which the transport market is distorted by fiscal aberrations favoring the automobile. Enclosed is a copy of a paper outlining these aberrations and our recommendations for their mitigation.

We urge correction of the fiscal anomalies to normalize competition in the transport field, stimulate a return of progress and private capital to that field, and mitigate the many problems resulting from over-use of the automobile.

We would be happy to provide additional information and to assist you in your deliberations.

Very truly yours,

Alvin L. Spivak, P.E.
President

FISCAL PRACTICES ARTIFICIALLY STIMULATE AUTO USE

A MODERN TRANSIT SOCIETY POSITION PAPER

Middle East troubles provide new incentive for limiting auto use, but fiscal practices continue to promote auto use. Recognition and correction of these practices would reduce dependence upon unstable oil sources and mitigate other auto over-use problems.

1. Public subsidies

In the United States, gas taxes are not high enough to cover the cost of facilities and services that autos demand. The shortfall is made up via public subsidies at all government levels -- subsidies which include failure to tax land lying under road pavement. The net result of such largess is that the auto user senses only a portion of the true cost of his driving, a portion which is insufficient to effectively constrain auto use.

The present system forces us to pay much of the cost of auto use whether or not we use an auto. While manifestly unfair to those who do not drive, the system is also unfair to auto users, since it deprives them of their ability to significantly reduce costs by limiting their driving -- and the right to know the true total cost of this major budget element.

Correction of this situation requires an audit of the cost of roads and related auto facilities and services at all government levels, including the value of untaxed land beneath roads. Income from road users should be increased to cover all such costs and eliminate the need for road subsidies. Sales taxes, property taxes, and other tithes that have been diverted to pay road-related costs would be reduced accordingly. Total taxation would not increase, since higher road-use fees would be balanced by reductions in other taxes, but there would be new ability to reduce total outlays by reducing auto use.

2. Private subsidies

Businesses should be encouraged to end the practice of providing "free" parking for customers and employees. A parking space costs thousands of dollars to provide and hundreds more per year to maintain and police -- costs that are buried in prices of goods and services sold. All customers, regardless of how they travel, pay the cost of auto parking. This should be corrected so that businesses recoup all auto-related costs from those who necessitate auto-related outlays. Those who do not drive should not continue to be forced to help defray costs of those who do.

3. The auto's excessive fixed costs.

Major elements of the total cost of owning and operating an auto (purchase price, registration, and insurance premiums) cannot be reduced by driving fewer miles. In fact, this part of the cost, totalling about half the quoted per-mile cost of auto ownership and use, works in the opposite direction. Being fixed, it impels auto use, since reduced use increases the per-mile cost.

To mitigate this condition, auto insurance premiums, registration, and license fees should be collected as surcharges on the gasoline tax. This change would replace current high annual bills with incremental amounts paid as the vehicle is driven (or NOT paid if the auto is NOT driven). In the case of insurance premiums, there would be other advantages, since payment would be in direct proportion to miles driven and since every driver would be covered. Premium adjustments for age, driving record, etc., would be handled by mailed bills, and drivers could still select their preferred insurers for distribution of state-collected gas-tax premium payments.

4. Conclusion

By giving consumers control over their travel outlays, these changes will enable people to vote meaningfully with their dollars for the modes and quantities of transport that they genuinely prefer. By paying directly and in proportion to use, consumer dollar-votes will gain a validity now denied them. And, with the full cost of auto use perceptible to users, viability of alternatives would be enhanced and private enterprise attracted back into mass transit. Significant benefits in terms of reduced petroleum use, pollution, gridlock, and safety hazards, would be achieved by moving road transport into the framework of the American Free Market.

samTrans

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General Manager

November 27, 1990

Senator Alan Cranston/
Senator Alfonse D'Amato
Committee on Banking, Housing and
Urban Affairs
United States Senate
Washington, DC 20510-6075

VIA FEDERAL EXPRESS

Dear Chairman Cranston/Senator D'Amato:

Thank you for the opportunity to provide input on the upcoming reauthorization legislation.

Our attached comments were developed based upon recent experience in the San Francisco Bay Area.

Sincerely,

Gerald T. Haugh

Gerald T. Haugh
General Manager

GTH:mw

Attachment

SAN MATEO COUNTY TRANSIT DISTRICT
945 California Drive - P.O. Box 957
Burlingame, California 94011-0957 (415) 872-6748

RECOMMENDED CHANGES IN THE REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT

Prepared for the Senate Subcommittee on Housing and Urban Affairs by Gerald T. Haugh, General Manager and Howard Goode, Special Advisor, San Mateo County Transit District, November 1990.

Since the passage of the existing Surface Transportation Act a number of changes have taken place in the local approach to meeting transportation needs. These changes should considered and reflected in the re-authorization of the federal program. The San Francisco Bay Area provides one example of the new directions at the local level and can be a source of insight into making the federal program more effective.

While the automobile has shaped transportation patterns in California and the Bay Area, there is growing recognition that its limitations are being reached and additional major investments in other modes are necessary if mobility is to be maintained. California voters in June 1990 approved a $2.9 million program of rail transit improvements, covering both urban and intercity services. This new state commitment is being combined with new local funds approved over the past several years to provide the basis for a major expansion of transit in California.

The San Francisco Bay Area has formulated an aggressive program to address the needs of the region through expansion of transit services, particularly rail transit. San Mateo County has been at the center of much of this effort through its efforts to extend the BART system and upgrade the Caltrain commute rail service. While state and local sources are projected to provide the largest share of program costs, the federal program provides a critical component. The ability of the federal program to provide that component over the life of the new authorization will be the key to the Bay Area's efforts to deliver the new transit program.

Drawing on the recent experience of the Bay Area and San Mateo County in addressing transportation needs, several conclusions emerge which should be reflected in the re-authorization of the federal program.

1. Flexibility to utilize transportation funds for the mode which most effectively meets the need is essential.

2. Emphasis needs to be increased on intermodal coordination improvements to more effectively link local transit networks with airports and other inter-city connectors.

3. Maximum leveraging of the federal program to encourage larger local shares of improvement programs should be encouraged.

The local experience in San Mateo County has demonstrated the value of each of these objectives.

Flexibility

San Mateo County lies between the traditional employment center of San Francisco and high tech industries of the Silicon Valley. It is also the site of the San Francisco International Airport, one of the major gateways to the Pacific Rim. Because the two major north-south highways serving the corridor cannot accommodate further expansion for a variety of reasons, efforts are now focused on rail transit improvements. These efforts have taken the shape of two major, regional projects:

1. The extension of the BART system to the San Francisco International Airport located in northern San Mateo County.
2. The preservation and modernization of the CalTrain commute rail service between San Francisco, San Mateo and Santa Clara counties.

Both these projects will require substantial investments of local and federal funds. Because highway improvements are not a realistic option in the corridor, funding needs to be approached at the transportation level rather than within the confines of modal programs. This flexibility already is reflected in most of the local and state funding sources to be utilized. A corresponding flexibility in the federal program is needed.

Intermodal Improvements

The San Francisco International Airport, located in northern San Mateo, is one of the major travel destinations in the region. Ground access for air travelers and employees has become increasingly difficult with growing highway congestion. The ability to utilize the regional transit network is hampered by the lack of connection and time consuming transfers between various systems.

Extension of the BART system to the airport will dramatically improve regional transit access. Coupled with a new CalTrain station serving the airport, a significant number of air travelers and airport employees will have an attractive transit alternative.

The airport connection will become even more important as part of a high speed rail proposal which would utilize the San Francisco Peninsula corridor as a part of a state-wide high speed rail system. Such a system would bring travelers from throughout Northern California to the airport as well as other destinations within the region.

The dividends of better connections between the regional transit system and inter-city services will not only reduce congestion, but serve energy conservation and air quality objectives as well. The full value of intermodal improvements is not currently reflected in the federal evaluation of major transit improvements. It is recommended that the responsible modal agencies be directed to review their current approaches to this issue and formulate coordinated criteria for evaluating such investments.

Leveraging the Federal Investment

The Bay Area is implementing a $3.3 billion program of rail transit improvements over the next decade. Approximately 30% of the funding is projected to come from federal sources, primarily UMTA Section 3 discretionary funds. The anticipation that some of the projects in the program would receive federal funding was a key for the series of local and state commitments which are now in place. Almost one-half of the program cost will be for projects which do not have any federal share.

The experience in the Bay Area has shown that federal participation in an interrelated program of projects, can result in an increased local commitment to transit improvements. Through a series of positive votes, the citizens of the region and state have provided the local share of the program. Only the federal share commitment remains to be obtained.

If the federal program is to build on the experience of the Bay Area to maximize leverage, two specific issues need to be accommodated within the reauthorization legislation.

a. Priority for local overmatch

b. Adequate multi-year funding commitments

Overmatch should be a criteria in the allocation of discretionary funds. While this aspect is generally discussed at the project level, the Bay Area experience points up the importance of its application at the program level. Quantitative methods to reflect this kind of overmatch can be incorporated into the alternatives analysis process.

The ability of the federal government to enter into multi-year funding commitments is another key to leveraging federal funds. The Bay Area program is to be implemented over the next decade with the supporting funding committed for an even longer period of up to twenty years. Commitments of this duration are necessary to achieve a major program.

The region expects to seek a major, multi-year commitment for the BART Airport Extension during the period expected to be covered by the reauthorization legislation. It is anticipated that the funding commitment will need to extend beyond the authorization period. The reauthorization needs to address the issue of long term commitments if the federal program is to be made more effective.

The people of the San Francisco Bay Area have embarked upon a major transit improvement program, built on substantial new local funding sources. The reauthorization legislation to be considered by the Congress in 1991 will shape the federal program upon which the Bay Area depends. The lessons learned in shaping the regional program have relevance for the reauthorization effort and should receive careful consideration.

JUNE 20, 1972

BOARD OF SUPERVISORS
SANTA CLARA COUNTY
TRANSIT DISTRICT
COUNTY GOVERNMENT CENTER / EAST WING
70 WEST HEDDING ST / SAN JOSE, CALIFORNIA 95110 / 299-2323

ROD DIRIDON
CHAIRPERSON
SUPERVISOR FOURTH DISTRICT

November 30, 1990

The Honorable Alan Cranston
United States Senate
Senate Subcommittee on Housing and Urban Affairs
112 Hart Senate Office Building
Washington, D.C. 20510-0501

Dear ~~Senator Cranston~~ Alan:

Thank you for inviting the Santa Clara County Transit District to participate in the development of the 1991 Federal Transportation Reauthorization Bill. We respectfully submit the following comments regarding possible policy and program changes appropriate to the new Surface Transportation Act.

The completion of the Interstate Highway System now provides this nation with the first real opportunity in over three decades to reassess our past transportation policies, programs and priorities. The 1990s will require a multi-modal approach to surface transportation investments if the Nation is to meet its critical mobility, congestion management, environmental and clean air objectives established by Congress.

We are pleased to be a part of this important national decision and policy-making process, and we wish to continue our involvement in this process over the next several months as specific new policies begin to emerge.

Respectfully,

Rod Diridon, Chairperson
Santa Clara County Transit District

Attachment

RECOMMENDATIONS FOR THE 1991 FEDERAL TRANSPORTATION REAUTHORIZATION BILL

The Santa Clara County Transit District recommends a number of policy and program proposals for the new Federal Transportation Reauthorization Bill. The District supports federal legislative actions that will:

- maintain funding of existing surface systems;
- allow flexibility in the use of federal transportation funds;
- change cost-effectiveness measures used to compare the costs of auto facilities to rail transit;
- consider long-term impacts on air quality as part of the criteria for funding new rail projects;
- create new funding to help transit operators meet new federal clean air and accessibility mandates;
- establish consistent local match and evaluation requirements between transit and highway projects.
- create additional funds by further increasing the gas tax and spending down the trust funds to implement master transportation plans.

MAINTAIN FUNDING FOR EXISTING SURFACE SYSTEMS

One of the highest priorities of the new Surface Transportation Act should be to set aside sufficient federal funding for the continued maintenance and rehabilitation of existing surface transportation infrastructure, including highways, bridges and public transit systems.

ALLOW FLEXIBILITY IN THE USE OF FEDERAL FUNDS

In rapidly growing areas of the country like California, national transportation policies and programs should encourage comprehensive planning that will guide local and regional capital investment decisions and transportation development. Maximum flexibility in the use of federal transportation funds would be a major step in improving the local planning process. Both federal and state governments should encourage cost-effective investments by blending major transit and highway capital funds into one account for the expansion of the urban/suburban transportation system. System options should include highways, local arterials and expressways, mass transit, and high occupancy vehicle (HOV) lanes.

California recently has begun to permit flexible funding through the Flexible Congestion Relief Program. The program allows transportation officials to use the new revenues derived from the recent nine-cent increase in the state gasoline tax for either local roads, highways, or rail projects, based on a local and regional priority-setting process.

It is imperative that national policies and programs allow developing areas to plan and engineer their transportation infrastructure in advance of future job and housing growth. Federal policies and programs should also provide local governments with the flexibility to decide where to invest their limited federal, state and local transportation revenues regardless of the type of transit system.

CHANGE COST-EFFECTIVENESS MEASURES FOR EVALUATING NEW RAIL PROJECTS

The current cost-effectiveness measure used by UMTA compares the cost per new transit rider with the average cost of an auto trip ($6 per new rider). In areas of the country which have grown rapidly in the last 40 years, this comparison is often inequitable. In many of these regions, an extensive auto-oriented system is largely in place, while little rail infrastructure development has occurred. Therefore, it will always be difficult to justify marginal transit investments against average auto costs. The arbitrary cost-effectiveness threshold of $6 (based on a national average) also ignores other important objectives such as improving air quality, congestion management, and the integration of land use with transportation services.

A better approach for UMTA consideration would be to compare transit investments with the cost of developing auto facilities that would provide the same level of capacity increase within the study corridor. This approach would lead to the development of a cost-effectiveness threshold appropriate to a specific area or region.

The new cost-effectiveness threshold calculations should include, but not be limited to, the following factors:

- Cost of new roadway facilities which would provide congestion reduction equal to the transit investment;
- Added cost of auto-serving facilities such as parking lots;
- Indirect costs associated with automobiles such as increased air pollution, delay caused by congestion, property damage and personal injury from accidents and dependency on oil products.

CONSIDER IMPACTS ON AIR QUALITY

New criteria for the evaluation of rail projects should include long-term impacts on air quality. This addition would reinforce the objectives of both federal and state air quality standards.

In many urban areas, particularly in California, air quality concerns are as important as cost-effectiveness standards. In air quality "non-attainment" areas, limiting the growth of auto trips is a high priority. Rail, along with other transportation management and control measures, may be the most effective and viable long-term solutions in many transportation corridors.

By incorporating criteria such as air quality into the cost-effectiveness evaluation process, UMTA would allow a more flexible comparison of transit and auto investments, especially where there is a strong local and regional commitment towards congestion management and implementation of clean air strategies.

CREATE NEW FUNDING FOR MEETING FEDERAL MANDATES

The 1990 National Clean Air Act and the Americans with Disabilities Act may impose new, and potentially costly, requirements on public transit operators. A portion of the new five-cent federal gasoline tax increase could be used as a revenue source to assist public transit operators in meeting these new federal mandates.

ESTABLISH CONSISTENT FEDERAL REQUIREMENTS FOR TRANSIT AND HIGHWAYS

The new Surface Transportation Act needs to address two important issues associated with project funding and evaluation. First is the issue of substantially different local match requirements between highway and transit projects. For example, the current expected local match for new rail projects is at least 50 percent, while the match required for highway projects is as low as 12%. Secondly, the project evaluation criteria for rail transit projects are more rigid than those for highway projects.

Achieving consistency between transit and highway project requirements should be an important priority of the new Surface Transportation Act.

CREATE ADDITIONAL FUNDS TO MEET MASTER PLANS

An additional gas tax increase and full utilization of highway trust funds could provide necessary revenues to effectively implement county-wide comprehensive transportation plans.

RTD

Alan F. Pegg
General Manager

NOV 30 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6705

Dear Chairman Cranston/Senator D'Amato:

On behalf of the Southern California Rapid Transit District (SCRTD), I am responding to your invitation to provide you with the District's input regarding the reauthorization of the Surface Transportation Act. The SCRTD looks forward to working with you during the reauthorization process.

The SCRTD is one of the largest transit operators in the country. The District provides vital transit service to 1.3 million daily riders residing in 87 cities with a peak fleet of nearly 2,000 buses. A recent UMTA report shows that not only do our buses operate more miles per day than any other system in the country, but our passengers receive more service for the fare than any other system.

The SCRTD leads the country in the development of alternatively fueled public transit vehicles. The District operates one-half of the nation's alternatively fueled bus fleet and is the only operator to successfully place alternately fueled buses in revenue service and achieve standards comparable to diesel. By the end of 1990, more than 70 alternatively fueled vehicles will be placed in revenue service. The District also manages the largest alternative fuels research and facility for transit in the world.

The District also operates 54 light rail vehicles on Los Angeles' new Metro Blue Line which opened in July 1990. The Blue Line's success is demonstration by weekday ridership of 18,000 passengers and weekend ridership of 40,000. The SCRTD will also operate the Metro Red line subway when it opens in mid-1994.

The SCRTD plans to build on its accomplishments to meet the challenges of providing high quality transit services to its patrons while reducing traffic congestion and improving the quality of life through increased protection of the environment.

Southern California Rapid Transit District 425 South Main Street, Los Angeles, California 90013 (213) 972-4300

Success in meeting these challenges will depend to a great extent on the level of assistance received from the federal government. The District appreciates the efforts that you and your subcommittee have made and is happy to pledge any further assistance you may require.

Sincerely,

Alan F. Pegg

Alan F. Pegg

Attachment

RTD

Southern California Rapid Transit District's
Submission To the Senate Committee on
Banking, Housing, and Urban Affairs
Regarding the Reauthorization of
the Surface Transporation Act

Southern California Rapid Transit District 425 South Main Street, Los Angeles, California 90013 (213) 972-6000

INCREASED FEDERAL INVESTMENT IN SURFACE TRANSPORTATION

Federal investment in transit steadily declined over the last decade. While the 101st Congress gave an overall increase in funding to transportation, the amount was insufficient to stem the trend.

In order to cope with this decline many systems have had to cut services and quality in order to maintain the service-levels they are expected to provide for their communities.

Increased federal investments are needed in order to provide the nation with an efficient and safe mass transit system with reliable infrastructures.

INCREASED FEDERAL OPERATING AND CAPITAL FUND ASSISTANCE

Congressional mandates in such areas as alternative fuels, clean air and the provision of services to the disabled will negatively impact operating funds for transit nationwide. The nation's transit operators will require operating assistance funds if they are to meet the new obligations mandated by the 101st Congress while maintaining current service-levels.

Increased funding for operations will positively impact federal capital programs for transit. Transit operators and regional governments can utilize the capital grants program more effectively if the operational system is adequately funded to meet the needs of the community. Increased operating assistance will help improve park and ride lots as well as assist operators in purchasing and maintaining alternatively fueled buses and expanding services to new sections of the population.

Federal funding for operations in addition to capital funding is needed if mass transit is to meet the national goals Congress has set for it.

ESTABLISHING A SOURCE OF FUNDING TO ASSIST TRANSIT OPERATORS IN MEETING THE STANDARDS OF THE CLEAN AIR AND AMERICANS WITH DISABILITIES ACTS

The passage of the Clean Air and Americans with Disabilities Acts has set new standards for public transportation in this country. While both of these Acts set strict new guidelines for transit to follow, they must be looked at separately to see their full impact on transit.

Americans with Disabilities Act

The Department of Transportation is preparing final rules on the ADA. The SCRTD wishes to address three areas of concern:

First, if the standards currently used by SCRTD for wheelchair lifts do not meet those adopted by the DOT, SCRTD could be required to purchase 2500 new lifts. The cost could be staggering.

The current lifts used by SCRTD cost approximately $10,000 each. The cost to replace these lifts with new ones, if the price does not change, would be $25 million dollars.

Second, the ADA requires that transit be made available to persons with disabilities who are unable to use a regularly designated stop. In addition, it directs that if a Public Transit service cannot provide such service itself, it must arrange for an alternative form of transportation for an affected individual.

Schedule and route changes will need to be made if it is determined that the operator is responsible for providing paratransit service in a specific area. Changes in routes and service might require additional buses.

If a public transit operator is required to provide paratransit services in addition to fixed route service, additional costs will be incurred. These changes could cost an operator, such as the SCRTD, millions of dollars to comply.

Third, the DOT is considering establishing standards for dissemination of information by transit properties to the disabled community. Currently, the SCRTD provides a computer hook up for the hearing impaired in which an individual can communicate with the District's information system via computer.

The SCRTD telephone information service provides any individual with SCRTD and other municipal route operator route information and schedule. The SCRTD also has established a large brochure and schedule publishing/distribution system to provide written information for the hearing impaired. The costs for replacement of these vital information systems with even more sophisticated material and equipment could be substantial.

In general, a source of revenue must be identified to assist transit properties to meet the mandates of the ADA. This funding source should be separate from the current UMTA program and earmarked exclusively for use by transit to meet the requirements of the ADA.

Without increased federal assistance the standards set by the ADA may not be achievable.

The Clean Air Act

The Clean Air Act requires operators to meet a particulate matter standard of .25 in 1991 and 1992, .10 in 1993, and .05 in 1994. The California Air Resources Board requires Urban buses to meet a particulate matter standard of .10 in 1991. This standard puts California two years ahead of the rest of the country in the standard urban buses must reach to be allowed on the road.

The cost to meet these standards is immense. The cost may decrease as the technology is perfected but it will be several years before alternative fuels technology reaches a standard comparable to diesel in performance, efficiency, and cost. Further research and development of the technologies is required and the new standards must be tested in actual road service.

At UMTA's urging, the SCRTD consulted transit operators nationwide to develop a comprehensive air quality survey and to determine the national "cost" to implement the Clean Air Act.

The survey encompassed 18 of the nation's largest transit operators who operate more than half of the approximately 39,000 buses that will be affected by the Clean Air Act. The costs given below are for converting existing diesel fleets and facilities to alternative fuels or other clean emission technologies. The figures illustrate the cost of conversion over a ten to twelve year period and yearly:

FLEET CONVERSION	**LIFE CYCLE COST (12 year period)**	**COST PER YEAR**
COMPRESSED NATURAL GAS	$2,476,900,755	$206,408,396
METHANOL	$1,842,638,490	$153,553,207
PARTICULATE TRAP	$ 521,838,000	$ 43,486,500
FUELING FACILITIES		
COMPRESSED NATURAL GAS	$ 880,976,000	$ 73,414,666
METHANOL	$1,292,640,000	$107,720,000
PARTICULATE TRAP	$ 0	$ 0
FUEL*		
COMPRESSED NATURAL GAS	$ 883,348,000**	$ 74,029,000
METHANOL	$5,642,508,000**	$470,209,000
PARTICULATE TRAP	$ 681,828,000**	$ 56,819,000

* Survey was completed prior to the Persian Gulf crisis.
** Figures represent fuel costs based on 1990 prices.

The cost increases given above do not include maintenance or rehabilitation cost. Maintenance costs on a bus include parts, labor, lubricants, and tires. Our alternative fuels staff estimates that a cost increase of 25% will accrue when comparing methanol to diesel.

A diesel bus currently costs .68 cents per mile to maintain. A methanol bus currently costs .88 cents per mile to maintain. The average bus in our fleet of 2500 travels 45,000 miles per year. With these figures as the base, maintenance cost can be calculated as follows:

DIESEL MAINTENANCE

Fleet Size	2500
Miles per bus annually	x 45,000
Maintenance cost per mile	x 0 .68
Total	$76,500,000

METHANOL MAINTENANCE

Fleet Size	2500
Miles per bus annually	x 45,000
Maintenance cost per mile	x 0 .88
Methanol Maintenance Total	$99,000,000
Diesel Maintenance Total	- $76,500,000
Difference	**$22,500,000**

In other words, the maintenance cost of methanol will increase our budget by $22.5 million per year.

The costs for CNG are not yet known. However, the increased weight of alternatively fueled vehicles causes increased wear and tear. For example, a CNG vehicle weighs about 2,800 lbs. more than a standard diesel bus. A methanol bus weighs about 1600 lbs. more. This additional weight will have an adverse effect on brakes, tires, and transmission life of a vehicle.

In addition, it reduces the vehicle's passenger carrying capacity. Not only is there an increase in maintenance costs, the number of vehicles required to carry a specific number of passengers will rise. Transit operators will have to purchase more buses to carry the same number of passengers.

The SCRTD would have to purchase 10% more CNG buses to meet the current passenger carrying capacity of our diesel fleet. A diesel bus costs approximately $190,000. A CNG bus costs approximately $245,000 or $55,000 more than the diesel bus.

None of the costs estimated for alternatively fueled fleets include life cycle costs because current test vehicles have not been in service long enough. The District's alternative fuels staff estimates that it will take an additional 3-5 years of operational experience before time to overhaul can be determined.

It will be necessary to seek additional funding in order to obtain the emissions levels specified in the Clean Air Act. These levels are attainable with the proper amount of research and development. Those technologies are in the development stage and time is needed for further testing of alternative fuels to insure the public will be provided with a dependable fuel.

The survey data show that alternative fuels technologies exist but at a cost. Additional funding will be necessary to achieve the emissions levels mandated by the Clean Air Act. A source of revenue that will assist transit properties in meeting these new standards should be identified during the reauthorization of the Surface Transportation and Urban Mass Transit Acts.

Additionally, a special fund for California properties needs to be established to assist in meeting the demands of the California Air Resources Board standards. The research and development being done by the California properties will provide the technological know how that will permit national compliance with federal standards in 1993.

Transit properties may not be able to meet the challenges of the Clean Air Act without this assistance.

HIGHWAY AND MASS TRANSIT TRUST FUNDS REMOVAL FROM DEFICIT REDUCTION USE

The national transportation infrastructure must be restored and expanded to insure national prosperity. Highway and Mass Transit trust funds that might be used for this purpose have been diverted to offset the federal deficit. This procedure has proved harmful to the transportation infrastructure of this country as well as injurious to mass transit.

The monies being held in these trust funds should be devoted to assisting transit to meet the goals mandated by the ADA and Clean Air Acts as well as allowing transit operators to provide better overall service.

IMMEDIATE MOTOR FUELS TAX INCREASE, AND MAKING PERMANENT THE ENTIRE FEDERAL FUELS TAX

No formula was provided by the 101st Congress for expenditure of the funds realized from passage of a 5 cent increase in the gas tax. A formula directing expenditure of this increase on mass transit and highway system improvements should be devised.

The motors fuels tax should be increased an additional 7 cents to provide additional funding for the mass transit and highway system. All future increases should be accompanied by a formula directing expenditure on transit and highways system improvements.

In addition, these funds should continue to be separate from the current UMTA program.

EXPANSION OF THE DEFINITION OF THOSE PROJECTS WHICH ARE ELIGIBLE FOR SECTION 3 FUNDING

Section 3 funds cannot be used for bus and bus facility renewal and replacement. The availability of Section 3 funding in this area would provide transit operators with greater flexibility to allocate Section 9 capital funds to other projects.

The expansion of the use of Section 3 funds would create a new source of capital revenues for transit operators.

TRANSIT AUTO SUBSIDIES

National policy should be directed at encouraging the use of mass transit and other alternate commute modes and discouraging the use of the private automobile. Current national policy acts as a disincentive for use of public transit.

Employees who currently use public transit and rideshare receive a non-taxable subsidy of $15.00 per month. This amount is not high enough to discourage the use of the single passenger automobile at the current price of motor fuel.

A minimum non-taxable subsidy of $60.00 per month would increase the attractiveness of mass transit and ridesharing while relieving pressure on congested traffic arteries and the environment.

The County Connection

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November 29, 1990

Honorable Alfonse D'Amato
United States Senate
520 Hart Building
Washington, D.C. 20510

RE: Reauthorization of the Urban Mass Transit Act

Dear Senator D'Amato:

Thank you for the opportunity to present my thoughts on transit policy as it relates to reauthorization of the Surface Transportation Assistance Act. This letter speaks to a broader issue which is the need for a new National Transportation Policy which includes all modes of transportation. In this complex society, it will take all alternatives to solve our transportation crisis and, we are in a crisis situation. The highway and bridge infrastructure is aging and requires renovation. Many of the older subway systems have the same need, and even the newer systems such as BART and METRO require updating and extension. The nation's bus fleet requires conversion to cleaner fuels and installation of special equipment to meet the needs of mobility impaired individuals. More buses for the general public and paratransit vans for the disabled are required to meet a greater demand for service than we can meet. We also require operating dollars with which to operate expanded services. The transportation crisis is growing daily with more and more automobiles attempting to travel on congested streets and freeways. We need to offer the American public a viable alternative to private occupancy vehicles. Yet, no alternative exists.

Last October when the Bay Area suffered the 7.1 Loma Prieta earthquake, the Bay Bridge and many freeways were impacted. The public looked to transit to solve the emergency situation. However, we did not have the buses and operating dollars to add as much service as was needed. Public transit did help alleviate the crisis, but we could have done more. With the service we were able to provide, the East Bay continued to function by utilizing the BART train system. Many people rode the bus to the BART stations and many people car-pooled. This situation is something that should occur today and every day. Our air would be cleaner, our freeways less congested, and our tax dollars spent more efficiently to solve a number of problems. A national transportation policy should encourage mobility through the use of all modes of transportation.

I support the reauthorization principles embodied in the T-200 program developed by the American Public Transit Association (APTA). These principles are outlined below:

GAIL MURRAY
CHAIR
City of Walnut Creek

KATHY RADKE
City of Martinez

GAYLE B. UILKEMA
VICE CHAIR
City of Lafayette

A.G. DESSAYER
Town of Moraga

ROBERT I. SCHRODER
SECRETARY
Contra Costa County

WILLIAM DABEL
City of Orinda

CAROLYN BOVAT
City of Clayton

JOHN J. MULHALL
City of Pleasant Hill

LLOYD MASHORE
City of Concord

PATRICIA BOOM
City of San Ramon

BEVERLY LANE
Town of Danville

ROBERT C. PATRICK, JR.
GENERAL MANAGER

1. The Federal Surface Transportation Program should be restructured in order to address the mobility needs of the nation and ensure progress in meeting other national goals.
2. Broaden the concept of transit to include other high-occupancy, shared-ride services in order to reduce growth in vehicle miles of travel while accommodating increased passenger miles of travel.
3. Enhance and strengthen regional decision-making authority.
4. Provide flexibility in the use of federal funds and multimodal decision-making.
5. Increase reliance on dedicated formula funding.
6. Continue federal support from all sources reflecting the cost of federal mandates and transit contribution to national goals.
7. Substantially increase federal funding.
8. Dedicate an immediate fuel tax increase to transit and highway investment which would be fully committed annually.
9. The federal tax code should be revised to promote private and non-federal investment in transit and to eliminate the taxation for employer transit subsidies and other disincentives to transit use.
10. Require closer integration for transportation investments and land-use decisions.

The T-2000 program calls for a new and simplified Metropolitan Transportation Program at the federal level. This program would include four major components as described below:

1. A formula program to support continuing reinvestment in existing public transit systems and services.
2. A formula program to support continuing reinvestment in our existing highway system.
3. A federal source of formula funds for major expansion of either transit or highway capacity, giving local officials the flexibility to decide what mix of projects and investments best suit the local need to expand capacity.
4. A federal discretionary program targeting federal invertment to major capital projects, either transit or highways.

I believe that this new Metropolitan Transportation Program based on APTA's ten principles would give us the flexibility to meet this nation's transportation challenge and urge you to seriously consider this as a part of the reauthorization package. Transportation professionals must be creative and must have resources and the ability to develop and implement efficient and cost-effective solutions.

Now, I would like to narrow the scope of this paper to discuss individual issues and respectfully ask for your assistance in these areas. Transit operators are required to meet certain regulations and rules in order to continue to receive federal funds. Some of these programs have grave cost implications but no new source of funds with which to fund them. We will be forced to cut service or, in some cases, go out of business all together without some assistance. This is not the time for a shrinking of our services for all the reasons stated above.

The Americans With Disabilities Act (ADA) is a laudable piece of legislation, but the price tag is very high. In the State of California, we are already required to have all of our equipment specially-equipped to serve the needs of disabled individuals so we are not too concerned with this provision. However, there is a requirement that we offer a "comparable level" of paratransit service for the disabled as compared with our fixed-route service. The term "comparable level of service" has not been defined by the Department of Transportation yet, but if this turns out to mean that we must offer paratransit the same days of the week and hours that we offer fixed-route service, we will not be able to afford this level of service. In order to comply, we will be faced with cutting our fixed-route service back to paratransit levels. A new source of funding for paratransit is imperative to the successful implementation of the ADA. The County Connection operates a paratransit system in our service area, and we know the demand is far greater than what we can provide. Even without the ADA requirements, we have always needed more resources to serve this very needy population.

Bus operators have lost a very important source of funding—charter revenue. We are not able to charter buses, and this not only means a loss of revenue as mentioned above, but is a source of frustration to the public. Many private and public entities wish to contract with us for charter service because they know our service is reliable. We respectfully request some relief on this issue of charter service. In the past we were allowed to bring in a certain percentage of our operating revenue through charters, and this method was acceptable. No bus operator is able to accomplish a great amount of charter service anyway because it would impact our regular service. However, we would like to be able to accomplish some charter service in order to expand our budgets.

In closing, I would like to discuss the school bus regulations. Bus operators are precluded from operating school bus service as such although we can operate buses to schools as long as they are a part of the regular route and the bus is open to the general public. We would like the ability to contract with schools to provide this service as another source of revenue and also to give us the ability to serve our communities. In addition, we already serve a great number of students at considerable cost without any assistance from the school districts. So again, we are faced with trying to provide a community service without a source of funding.

Transportation is critically important to the future of this nation, and I believe that we are at a major crossroad. You have the opportunity to craft a new national transportation policy that will give transportation professionals the necessary flexibility and resources to solve the problems. I wish you well in accomplishing this very important task.

Thank you again for allowing me this opportunity to give you my suggestions and thoughts. If I can offer any further assistance, I hope that you will call upon me.

Very truly yours,

Robert C. Patrick, Jr.
General Manager

SIERRA CLUB — ANGELES CHAPTER

3104 Mount Curve Ave.
Altadena, CA 91001

November 24, 1990

Honorable Alan Cranston
and
Honorable Alfonse D'Amato
United States Senate
Committee on Banking, Housing and Urban Affairs
Washington, DC 20510-6075

Dear Senators Cranston and D'Amato:

This is in response to your letter of November 6th to members of the Modern Transit Society of San Jose. Your letter invited the submission of papers on the rebuilding of the nation's mass transit facilities. The submission of these papers is in anticipation of a Committee hearing early next year. We hope that our contribution will be welcome.

My paper, *"The Case for Full-Cost Pricing"*, is in general agreement with the transportation policy of the Sierra Club. However, in several of its aspects, it reflects my views alone.

It argues that existing national and local public and private policies permit the motorist and the trucking industry to escape virtually all the huge costs incurred by the operation and storage of their vehicles. These policies must be corrected to allow the nation to escape their unfortunate consequences--environmental abuse, societal and economic decline.

Many years ago these policies destroyed most of the nation's rail transit systems as well as interurban rail passenger service. Their impact may be even worse today. If left in place, they will create great difficulties for the reintroduction of urban rail mass transit.

Sincerely,

Stanley Hart

Stanley Hart, Chairman
Transportation Committee

Recycled Paper

THE CASE FOR FULL-COST PRICING

November 24, 1990

Stanley Hart

Abstract

The nation still labors under the policies which destroyed its urban rail transit and interurban rail passenger systems during the thirties and the fifties. Unless they are rectified, the nation's efforts to escape automotive dependency will be frustrated by the unfair subsidies which created the problem in the first place. These subsidies, the free use by motorists and the trucking industry of costly urban space and municipal services, are far greater than is generally believed.

The United States has become a welfare state, providing enormous free benefits to motorists and to the trucking industry. We Americans pretend that we have a market-based economic system. With regard to the operation of our automotive vehicles, nothing could be further from the truth. Our utter dependency on automotive vehicles results from the virtual absence of market constraints.

Americans depend almost entirely on 170 million automotive vehicles for passenger and freight transport. This dependence on automobiles and trucks must be reduced. The cause of the problem is the gross abuse of market forces: virtually all user costs are either 'sunk' or subsidized. Automobile-dependence can be reduced only by correcting these distortions.

We are currently engaged in an effort to replace our bankrupt and abandoned rail mass transit facilities by building modern rail systems. Critics of this program point to the low ridership and the high trip cost demonstrated on many of these projects.

While there is some reason for this criticism, much is unfair and does not get to the basic reason--the unfair, subsidized competition from the personal automobile in all American urban centers. This subsidized competition was responsible for the bankruptcy of these systems during the thirties and in the years following WWII.

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While a recital of the statistics may be unnecessary and unwanted, it may be helpful in defining the problem:

- Americans own and operate 36% (1985) of all the automotive vehicles on earth.
- The automotive vehicle population of the planet now far exceeds 500 million, over one-tenth the human population; its numbers are now increasing at a rate 2½ to 3 times the rate of increase of the human population.
- American vehicles, alone, consume 4 billion barrels of oil annually, over 60% of American oil consumption, 20% of the world's oil production, half the motor fuel.
- This enormous oil consumption has created the OPEC cartelization of the oil market. It is also the cause of two-thirds of our trade imbalance.
- American vehicles produce 1 billion tons of CO_2 annually, plus vast amounts of nitrous oxides, CFCs, and other global warming gases.
- American cars and trucks are, of course, the critical actors in the ongoing nationwide struggle with urban sprawl, traffic congestion and smog.
- Our reliance on these vehicles costs the American people 50,000 deaths plus 500,000 injuries annually.
- In our opinion, our utter dependence on these vehicles (and the related destruction of our public transportation systems) is an essential element in our social problems--crime, ghettoization, poverty--as well.

The greenhouse effect, acid rain, congestion and smog, traffic deaths and injuries, high oil prices are not the only impacts. The current malaise in the American economy is due at base to inadequate American household savings rates. These, too, are the result of our transportation policies. And, in addition, these policies (or, rather, lack of policy) have placed our nation and our allies at risk at the hands of the brutal Iraqi dictator, Saddam Hussein.

The foundation of the world oil market is derived from these same American non-policies. How long before this American absurdity becomes the political target of leaders in Europe and Japan? Can we continue to count on the tolerance of the rest of humanity?

A micro-view of the driver's daily options are important to our understanding:

- Roughly 60% of the real cost of driving is 'sunk' or

- more -

fixed--depreciation, insurance, even tires, repairs and maintenance. These costs remain the same (or appear to remain the same) whether or not the vehicle is used.

- About 40% of the cost is paid-for by the community as a whole through various channels--subsidized parking, the free use of highways, local government costs (police and fire protection, traffic engineering, traffic signals, street repair, drainage, etc.).
- The cost of fuel has become virtually the only market force that influences the driver in his daily modal choice. The motorist 'sees' the cost of his single-car commute trip as, perhaps 85¢, often less than the cost of using the bus. The actual cost is certainly closer to $10.
- Truck drivers are affected by the same syndrome except that their subsidies are even greater.

The 'perceived' cost of operating a car (as distinct from the actual cost and/or the cost of owning it) is so low that the driver really has no choice. Result: alternative travel modes, such as public transportation or vanpooling, are bankrupted for lack of demand. They must be supported with countervailing subsidies and are, therefore, able to provide only a poor level of service. Freeways are gridlocked because of too much demand; our transit systems are bankrupted because of too little. Both competing systems must be supported by huge subsidies derived from the same public pockets.

Marginal solutions, such as the use of methanol or other alternative fuels, efficient cars, electric cars, Smart Streets, carpools and vanpools, the various TSM and TDM strategies, even if they are found to be effective, are only nibbling on the edges of the problem. They will end up like Jimmy Carter's efforts, in frustration and bureaucratic posturing.

Which is not to say that these solutions or other technological fixes would be worthless. However, they can be effective *only* if economic incentives are sufficient to persuade consumers to put useful measures to use. There are realistic strategies which can mitigate the American transportation dilemma. The essential element is that the user ***must*** be confronted with the actual cost (or a close approximation) of using his car.

The least costly, most convenient solution is a heavy tax on fuel. Europeans pay such a tax. Result: Europeans use one-quarter the amount of gasoline, per-capita, as Americans; they have efficient, attractive public transportation and more rational, high-mileage automobiles. A more sophisticated (and more costly) strategy is a toll-collection device which requires electronic

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identification of each vehicle.

The American Planning Association, NARP, Worldwatch Institute and the Bay Area Economic Forum have already made public statements in favor of or discussing the virtues of a market-based strategy.

The Committee should adopt the following program:

- An immediate and substantial *decrease* in property and sales taxes. This should be funded by a concurrent *increase* in the tax on motor fuel. Additional decreases in property and sales taxes and increases in the fuel tax should be made annually until the aggregate tax transfer has eliminated existing subsidies.

- It is essential that the major portion of the yield from the increased fuel tax be returned to the public. However, a significant portion, as is useful, should be committed to the reconstruction of the nation's transit and rail systems. And some of these funds might also be used to reduce the federal budget deficit.

In addition, some fixed costs can be rectified. For instance, insurance can be paid for at the gas pump. Car rental might become the accepted mode, replacing ownership. Parking fees reflecting the actual cost should be mandated. They should be mandated, as well, to be collected on a daily basis.

Antagonists argue that these methods are not acceptable, even though many agree that the facts are as I have presented them. Their arguments fall into three categories:

1. It is regressive to increase the cost of driving.

   There is a very small and misleading truth in this. The present situation is *extremely* regressive in that it requires that poor workingmen support costly vehicles on small incomes. And in that it denies members of the so-called underclass the right to participate in urban society--work, recreation, education--because they cannot even afford the expense of battered, wornout automobiles.

   There is also a considerable inequity in that the poor pay both property and the sales taxes. The yields of these regressive taxes are diverted through local government budgets to provide funds for road services which not only do not serve the poor, but vitiate the

- more -

services upon which they depend.

This regressivity, even though it is short-term and modest by comparison, should be recognized and corrected with obvious methods.

2. This is not the right time; the cost of gasoline is already too high. We should wait until it comes down.

   A heavy tax on fuel (or driving) is the most effective way of *driving down* the price of oil. Such a tax has the potential, in the short-term, of reducing American consumption of gasoline by 6%, in the long-term (based on European experience) by 75%. Our guess is that the mere threat of these policies would immediately force world oil prices into a nose-dive.

We should recognize that such a reaction would have a profound effect on our 'friends', the States of Texas and Alaska, the oil industry and friendly OPEC nations, such as Venezuela, Saudi Arabia, et al. Our policy should include provisions for an easy landing.

3. This is a political problem of enormous proportions; we cannot remove such a huge subsidy from such a large portion of the population, particularly since it is the literate middle-class, given to voting. And opposed as well by the auto industry, the oil industry, the highway builders, et al. It cannot be done, therefore it should not be tried.

There is more than a little truth in this, but we differ with the conclusion for the following reasons:

- There is no other method of dealing effectively with the problem.

- This is no trivial matter. The fate of the nation, perhaps that of humanity, is at stake.

Recent negotiations with regard to the federal budget deficit have resulted in an increase in the federal gasoline tax; no great outcry has arisen. Even the auto and the oil industry's response has been curiously muted. Thus, the political difficulty may be exaggerated.

We cannot know whether it can be done until we try. Americans have a reputation, hopefully deserved, of being pragmatic; they will make an intelligent choice if they are informed. We

- more -

must inform them--a formidable task. But it must be done.

Unless we can show that the world demand for oil can be substantially reduced, our efforts to save the planet's reserve of oil can only be shortlived. As the planet's reservoir of oil is inexorably drawn down, the price of oil and the pressures for more exploratory drilling will rise to the intolerable. At that point, nothing that we can possibly do can save it.

Because of American policies, the world is now dependent on the Middle East for vital supplies of energy, with all the hazard that that implies. The Gulf Crisis now looms over the world; the nation is fed up with indecisiveness. This is the time to act.

****

STATE OF CONNECTICUT
DEPARTMENT OF TRANSPORTATION
24 Wolcott Hill Road, P.O. Drawer A
Wethersfield, Connecticut 06109

Office of the Commissioner

An Equal Opportunity Employer

November 28, 1990

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
United States Senators
Committee on Banking, Housing and
  Urban Affairs
Washington, D.C. 20510-6075

Dear Senators Cranston and D'Amato:

Thank you for the opportunity to provide your Committee with the Department's recommendations on the most urgent changes in mass transit policy that Congress needs to consider early next year, as part of the reauthorization of the Urban Mass Transit Act. The Department's comments are enclosed.

We look forward to the continued opportunity to provide timely comments on legislation which will ultimately affect all transportation providers and consumers in Connecticut.

Very truly yours,

J. William Burns

J. William Burns
Commissioner

Enclosure

Recommendations to the Senate Committee on Banking, Housing and Urban Affairs for the Most Urgent Changes in Mass Transit Policy that Congress Needs to Consider on the Re-authorization of the UMT Act

Connecticut Department of Transportation

The following comments are related to the request of Senators Cranston and D'Amato for recommendations on the most urgent changes in mass transit policy that Congress needs to consider on the re-authorization of the UMT Act.

General Comments:

- We support the ability to use funds for any transit or highway capitol project given that an area would have a "balanced local approach" for funding transit before funds could be used on a highway project.
- We support the establishment of a "Transit Planning and Research Program" similar to the HP & R Program. However, we also support the pass through of funds to Transit Districts as eligible recipients in addition to MPO's.
- We support the development of an areawide multimodal congestion management system in coordination with the process for the development of any required transportation element of the SIP in all urbanized areas over 200,000.

Section 3 Discretionary Funding:

- We support the continued future segregation of the Rail Modernization Category in the Section 3 program. The operators of existing rail facilities must be assured that the costs of upgrading existing facilities will not be abandoned by the Federal government in favor of the new start projects.
- We believe the Section 3 program should remain at the 75%/25% funding ratio for individual projects. The Skinner initiative which encourages over match by grantees to bring the overall Federal participation ratio to 50% of a grantee's program in our opinion is a valid way to stretch scarce Federal resources. We would oppose efforts to reduce the Federal ratio on a project basis from 75% to 50%, however.
- We encourage the introduction of an UMTA multi-year commitment of funding for large capital projects such as we in Connecticut have in the reconstruction of the Peck Railroad Drawbridge. This would assist grantees in planning state matching funds over more than one fiscal year for the one project and also allow scarce state resources to be used for other important current projects. Criteria should be established by UMTA for types of projects, and grantees that would be eligible to receive these multi-year commitments.

- Programs or projects which have a benefit for more than one transportation mode should be given special consideration by UMTA. Grantees should be encouraged to develop projects which address the total transportation need of the public. Possible incentives may include a full Federal match for such projects without having to be subject to the 50% initiative.

Section 9 Formula Funding

- We support the continued application of the 80% Federal participation ratio for Section 9 capital grants. The discussed 60% Federal share would stretch Federal funds to more projects but would reduce the overall program of grantees who are dealing with extremely tight local budgets.

- We encourage Congress to stabilize the Federal financial support levels in the Section 9 program. Uncertainty in levels of Federal support from year to year makes it difficult to plan budgets for replacement of rolling stock, and maintenance of existing services on the part of the grantees who normally submit budgets more than one year in advance. It further exacerbates efforts to plan for improvements or modest expansion of services with uncertain Federal support levels.

- Federal policy should focus on encouraging projects to increase the number of occupants per vehicle during peak travel hours as a means to alleviate congestion, diminish pollution, and improve mobility.

- We would support efforts to simplify the data required to develop Federal Section 9 apportionments as currently being collected under Section 15 provisions.

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Amalgamated Transit Union
5025 Wisconsin Ave., N.W., Washington, D.C. 20016-4139
202-537-1645
Office of the International President

November 30, 1990

The Honorable Alan Cranston
United States Senate
Washington, DC 20510

Dear Senator Cranston:

On behalf of the Amalgamated Transit Union representing 160,000 employees in the urban mass transit, over-the-road and school bus industries we are pleased to respond to your request for our views and recommendations as your Committee begins the process of drafting mass transit reauthorization legislation to replace the expiring Surface Transportation and Assistance Act of 1987.

In support of this statement, we have attached hereto the Mass Transit and Privatization resolutions unanimously adopted at our 49th Annual Convention held in Anaheim, California, September 9, 1989. Also attached are copies of the recently adopted AFL-CIO Resolutions on National Mass Transportation Policy, including those of the newly formed Transportation Trades Department within the AFL-CIO.

It is beyond question, that our nation's changing transportation needs require an expanded federal program with significant funding increases to not only repair and maintain existing operations but to respond to our changing urban, suburban and rural transportation needs as well. Increased federal investment in mass transportation services will enable us to respond to our growing traffic congestion, air quality and energy conservation problems, while an expanded investment in our transportation infrastructure and service operations will strengthen the foundations for increasing industrial competitiveness and improving our urban and rural areas responses to social and other related concerns.

For decades our Union has worked with your Committee, the industry, the federal Department of Transportation and other transportation advocates at both the state and federal level to ensure a sound national mass transportation program. As outlined below, we strongly believe a well structured national transportation policy must include an equally well defined and enforced national transportation labor policy protective of important employee rights. This is especially so in an industry as labor intensive as mass transit services.

Affiliated with American Federation of Labor and Congress of Industrial Organizations, and Canadian Labour Congress

Inasmuch as the initial focus on new directions in mass transportation policy will center around the Administration's National Transportation Policy issued by Secretary of Transportation Samuel Skinner in March, 1990, we preface our summary of important issues and policy recommendations with a few brief comments regarding that approach.

Unfortunately, as applied to urban mass transportation programs, the "New National Transportation Policy" seeks to perpetuate the failed policies of the 80's by opposing any increase in the level of federal capital funding; by proposing steep reductions in federal transit operating assistance subsidies, especially for cities over one million in population; and by emphasizing so called competitive bid or privatization requirements in such a manner as to remove local decision making regarding the selection of public and/or private providers. As outlined below, we urgently request your Committee give especially careful consideration to these specific policies and programs which have since 1984 imposed increasingly harsh burdens on federal transit grant recipients with limited benefits and often adverse results.

Equally disturbing is the Administration's expected reliance on increased state and local governments' matching contributions to diminished federal resources at a time when these governments are already suffering under strained budgets, taxing constraints and limited resources.

In the area of transit employee labor protections, a primary focus of this Union for over 26 years, the National Transportation Policy embraces a regressive weakening of these requirements as they apply to certain grant categories, while endorsing Administrative decision making which has eroded these rights guaranteed since 1964 under Section 13(c) of the Urban Mass Transportation Act, as amended.

Indeed, contrary to Administration's assertions, these employee protections have enabled transit labor and management to respond constructively to changing transportation needs, technological development and alternative transit services in a manner which has improved community based transit services while protecting the rights of those individuals who reside in the service areas benefiting from the program. To our knowledge few, if any, innovative, para-transit, private sector or other specialized service grants have been denied funding because of the affected parties' inability to satisfy these important protections. We welcome the opportunity to discuss this particular issue in detail with the Committee to secure Congressional re-affirmation of these protections and their enforcement by the Department of

Labor as an integral part of the Federal Mass Transportation program.

Overall, the policy recommendations contained in the new National Transportation report present no new solutions and mirror program initiatives which did not work in the 80's and for which there is no evidence to expect they will work in the 90's. The nation's transit operational infrastructure needs are too great to expect state and local governments to dig deeper, while the federal government refuses to increase its own funding commitments.

To assist in the Committee's deliberations, we now provide a summary discussion of those major policy recommendations and provisions the ATU believes must be considered as the Congress develops a reinvigorated national transportation program designed to effectively respond to our new transportation needs.

MAJOR ATU ISSUES AND RECOMMENDATIONS

As amplified below, the ATU places the highest priority on the following eight issues for evaluation as part of a Mass Transit Reauthorization bill.

1. **Passage of a new five-year highway/mass transportation reauthorization bill by September, 1991, modeled substantially after the expiring Surface Transportation and Assistance Act of 1987.**

2. **Increased federal funding approaching $6 billion per year to support our nation's transit systems serving our urban, suburban and rural areas, with funding for both capital and operating assistance.**

   Recent studies have indicated our presently unmet national mass transportation needs may require as much as $11 billion annually to make up for prior short falls and to meet future needs. Funding for these expanded programs should be derived from general revenues as well as significant increases in the transit dedicated portion of the federal motor fuels tax and available for both operating and capital expenses.

3. **Raising the federal gas tax up to seven cents per gallon with revenues dedicated to mass transit programs.**

   We support proposals to increase the existing federal highway user gas tax earmarked for public transportation within the Highway Trust Fund account under condition that such revenue is used to supplement and not substitute for the general revenue funding portions of the federal transportation program. The impact of the new "Budget Enforcement Act of 1990" will have to be considered to allow for the expenditure of these funds.

4. **Increasing federal operating assistance for all sizes of transit systems to ensure adequate maintenance and effective operation of the transit capital investment.**

5. **Retention of the Section 13(c) transit employee labor protections provisions providing important collective bargaining and job right guarantees to transit industry workers to prevent adverse employee impacts under the federal transit grant program.**

The retention and application of the rights guaranteed under Section 13(c) of the UMTA Act, as amended, has, since 1964, served as a key component and condition of ATU support for the federal transit grant program. The history of Section 13(c) employee protection program demonstrates that transit labor working in partnership with our nation's transit providers can respond to our changing transportation needs in a manner which provides necessary protections to those workers while servicing the riding publics' demand for high quality, safe, efficient and responsive transportation. It is absolutely essential that any new federal legislation ensure the continuation of these labor protections and their applications to the entire transit grant program.

For many years, Section 13(c) has been attacked by the Administration and others as a burdensome provision which leads to inefficiencies in the provision of transit services. Yet, no neutral body which has examined these issues has found that these vital labor employee protections create either unreasonable or costly burdens on transit authorities seeking assistance. Indeed, in this regard, we note, that over the 15 month period ending March, 1990, the ATU was involved in over 458 transit grant applications involving the processing of Section 13(c) protective arrangements. Over 86 percent (397) of those cases were processed within one month of our receipt of the grant applications. These projects involved both capital and operating assistance, special transit technology, privatization components, alternative fuel arrangements, entrepreneurial and suburban mobility initiatives. The average processing time was only 13 days.

Clearly, this record demonstrates our commitment to achieving a fair measure of equitable protection for our members while ensuring a timely distribution of much needed grant assistance.

In our view, the Administration of the Section 13(c) program has worked well and should remain within the Department of Labor. We do not believe that it is wise or necessary to modify in any way the current statutory framework which has allowed this program to respond to changing transportation needs while protecting the collective bargaining and job rights of the industry's employees. Proposals to limit the scope of negotiations or the parties' choice of response to privatization issues raised by specific grants are not needed nor justified. When Congress first initiated these protections it emphasized that the arrangements would be the product of negotiations among the affected parties. Nothing in the history of the program justifies a change in this procedure or a narrowing of the grants to which they are applied.

6. **Limitations on UMTA's privatization mandates and regulations to ensure that the choice of public and/or private transit providers is a local decision determined free from federal regulations, guidelines, mandates or other controls.**

Over the last 6 years the UMTA has issued and implemented a series of increasingly burdensome requirements compelling transit grant recipients to privatize and /or submit service to competitive bidding. (See UMTA Circular C.7005.1 1986) We have long opposed these policies and believe such decisions should be made at the state and local level with private sector participation in public transportation a local decision to be employed only when it can be complimentary to the existing public transit network and only then where there can be a partnership of public/private grant providers protective of employee interests and the riding public.

The existing policies, however, require grant applicants to employ unbalanced competitive bidding standards to contract out an ever increasing percentage of their public transit service to private operators as a condition for the receipt of otherwise diminished federal transit funds. Such policies have been clearly counterproductive to effective public transit operations. This view has recently been supported by the results of a new study, issued in September, 1989, by the Economic Policy Institute, an independent Washington research center. This study entitled "The Emperors New Clothes: Transit Privatization and Public Policy", was undertaken by a group of recognized transit experts based upon a comprehensive year-long view of the Reagan and Bush transit privatization programs. A summary of this report is enclosed herein.

The Economic Policy Institute researchers found using federal transportation funds to compel communities to "privatize" their mass transit systems, while producing profits for private contractors, caused the deterioration of urban transit services. Indeed, although the stated goals of these policies is to reduce the public cost of providing transit services, these experts found no evidence that the policy has actually saved money either for the communities effected or the federal government. In fact, they found that it probably increased the cost of mass transit by implementing a less efficient use of public resources. Recent experiences in Miami, New Orleans and Denver have further substantiated these findings.

Clearly this is a significant area for the Committee to examine. Here, too, a reaffirmation of Federal neutrality and the primacy of local decision making is needed.

7. **Opposition to mandatory random and other drug testing as a condition of the federal transit grant program.**

Over 80 percent of the employees in the urban mass transit industry are now engaged in testing transit workers through negotiated programs achieved through the collective bargaining process and/or company established plans. These combined programs have ensured that the transit industry has attained the highest safety standard of any transportation mode in the United States. We see no need for federal mandates in this area.

Imposition of random or other mandatory testing would significantly interfere with important employee privacy guarantees protected under the U. S. Constitution and separately under state constitutions and statutes it would also result in costly and unnecessary testing providing little, if any, real benefit. Also, imposing these testing requirements as a Federal grant conditions may affect certain states eligibility for Federal funds, i.e. Alaska, California, Connecticut, Florida, Hawaii and Massachusetts. We are, of course, prepared to discuss this complicated issue in detail with the Committee.

8. **Revisions to the federal tax code designed to eliminate the taxation of employer subsidized transit passes and other federal laws which act as disincentives to transit use.**

   Current rules require such passes to be taxed as ordinary income to the extent their value exceeds $15. Yet free parking often exceeding $200-400 per month is not subject to such taxing. This represents an inequitable and unwise disincentive to transit use which should be changed.

In closing, let me again express our appreciation for the opportunity to present our views during this early phase of the Committee's deliberations. As the debate unfolds, and your Committee schedules additional meetings, conferences or other forums on new legislative proposals, we are, of course, prepared to respond to the wide array of issues and concerns raised by ourselves and others. Thank you for the opportunity to begin the process at this time and we look forward to working with the Committee in the months ahead to ensure passage of new legislation.

Sincerely,

Jim La Sala
International President

/amw

Enclosures

AMERICA'S COALITION FOR
TRANSITNOW

November 5, 1990

The Honorable James Watkins
Secretary
The United States Department of Energy
Washington, DC 20585

Dear Secretary Watkins:

The following members of America's Coalition for Transit NOW urge you to recognize in the National Energy Policy currently being developed the significant energy efficiency and conservation benefits that public transportation and ridesharing offer to our society.

As you are well aware, recent developments in the Middle East again underscore our nation's need to significantly increase energy efficiency and conservation. Perhaps nowhere is the need, and opportunity, for increased efficiency greater than in the transportation sector. Several facts highlight this point:

- As of August, 1990, the U.S. imported fifty percent of its petroleum needs.
- In the first eleven months of 1989, the cost of imported energy -- virtually all petroleum -- represented nearly 40 percent of the U.S. trade deficit.
- Over 60 percent of all petroleum is used in the transportation sector.
- Per capita gasoline use in major metropolitan areas of the U.S. is as much as 500% greater than in major European metropolitan areas.
- Increases in the fuel efficiency of U.S. passenger cars in the past two decades (44 percent) has been overwhelmed by the 88 percent increase in vehicle-miles traveled.

The intersection of transportation policy and energy policy are vividly demonstrated by these facts. The U.S.'s almost exclusive reliance on single-occupancy vehicles for passenger transportation has contributed perhaps more than any other factor to our reliance on foreign energy suppliers and the energy inefficiency of our surface transportation system.

AMERICA'S FUTURE RIDES ON TRANSIT
BUS • SUBWAY • LIGHT RAIL • HOV LANE • CARPOOL • VANPOOL • COMMUTER RAIL • HIGH SPEED RAIL
1317 F STREET, NW 6TH FLOOR WASHINGTON, DC 20004 202-638-0215 FAX 638-7045

In the long run:

- o transit's impact on land use patterns, encouraging less dispersion, can significantly reduce the need for long trips, even by car;
- o as a result, one passenger mile of transit may displace four to ten vehicle miles of travel in a car.

For all these reasons, we strongly urge you to include the following in the National Energy Policy you are developing:

1. Recommend the Congress significantly increase the federal investment in public transportation;
2. Recommend that the Congress and the Executive Branch establish a national goal of increasing vehicle occupancy and reducing growth in vehicle-miles of travel (VMT) as a central feature of national energy, environmental and transportation policy;
3. Recommend that the Congress and the Executive Branch adopt policies and enact legislation which increase the availability, use and investment in public transportation options of all types;
4. Commit the Department of Energy to comprehensively study the effect transit has in the short and long term on reducing vehicle miles of travel. The study should examine the effects of transit on land use and the effects of density and land use patterns on vehicle miles of travel;
5. Commit the Department of Energy and urge the Department of Transportation and the White House to aggressively promote programs to encourage transit use and ride-sharing;
6. Recommend that the Congress dedicate revenue from energy taxes to finance more energy-efficient technologies and modes of travel, particularly the expansion of all forms of public transportation;
7. Recommend that the Congress revise the tax code to remove disincentives to and provide incentives for increased use and investment in public transportation by all levels of government and the private sector, including:
    - o the tax-free treatment of employer-provided free parking and taxation of employer-subsidized van pools and transit passes must be corrected or reversed;
    - o enactment of legislation which allows government agencies to underwrite and promote government-employee transit pass programs similar to those offered by private employers;
    - o elimination of current barriers to public and private sector bonding and financing of energy-efficient transit projects.

8. Recommend that Congress and the Executive Branch provide increased funding for continued development and demonstration of alternative fuel technologies and ensure that their introduction is not disruptive to the operation and expansion of basic transit services;

9. Commit the Department of Energy to developing methodologies for making least cost comparisons between transportation projects such as transit and inter-city rail expansions, high-way expansions, and airport capacity increases.

10. Recommend that the Department of Transportation act immediately to set aside policies and regulations that restrain expansion or reinvestment in transit services, including those that limit the number of spare buses that can be maintained, mandate sale of used vehicles and equipment, and require that proceeds from the sale of equipment be returned to the federal government rather than used to support local transit services;

11. Insure that in the event of a national fuel emergency, public transit systems, car pools and van pools are given priority assuring them the uninterrupted flow of fuel.

We believe that the Iraq crisis and the consequent increase in the cost of oil and gasoline demonstrate in the strongest terms the need for a comprehensive, effective National Energy Policy. The inclusion of our recommendations in that Policy will assure the development of a surface transportation system with significantly greater energy efficiencies than what our present system offers.

Thank you for your consideration of our position. Please contact Bruce Fried, Transit NOW's Executive Director, for additional information.

Sincerely yours,

Alliance of American Insurers
Amalgamated Transit Union, AFL-CIO
American Institute of Architects
American Public Transit Association
The Angeles Corporation
Atlantic Track and Turnout Co.
Association for Commuter Transportation
Cartwright and Goodwin
Catholic Golden Age
Child Welfare League of America
Clean Air Council of the Delaware Valley
Community Transportation Association of America
Disability Rights Education and Defense Fund
Edison Electric Institute
Electrak
The First Boston Corporation
Fredrick R. Harris, Inc.
Gannett Flemming, Inc.

Two factors have played an unmistakable part in reinforcing our profligate use of energy in transportation and creating the energy dependence that again threatens the nation.

First, we have chronically under-priced our energy, in effect subsidizing and encouraging its use and, thus, promoting inefficiency. Nowhere is this more true than in transportation. The price of a gallon of gasoline in 1989, adjusted for inflation, was almost as low as 1973 and lower than the price per gallon in the 1960's. Gasoline was priced at $1.09 or less per gallon (before the current Mid-East crisis) - less than half the cost of a gallon of milk and one-seventh the cost of a gallon of orange juice.

The second factor is the near total inattention to more energy efficient alternatives to the single occupancy vehicles: buses, various rail modes, car pools, and van pools. Indeed, since 1981, federal support for public transit has been slashed 50 percent in real (inflation-adjusted) terms. Similarly, federal tax policies provide significant tax incentives for the use of automobiles, and almost no incentive for ridesharing and transit use.

The energy efficiency of public transportation -- buses, rail, car pools, and van pools -- represents a fundamental tool that we believe must be employed in our nation's drive for conservation. At a time when auto occupancy across the country for commuting averages 1.15 people per vehicle, and our energy dependency and waste is fueled by unconstrained growth in vehicle-miles of travel, we believe that increasing vehicle occupancy must be a central strategy in our National Energy Policy.

There are a variety of ways to characterize the energy efficiency of public transportation and the contribution transit can make as part of a national commitment to conserve petroleum resources. In the short run:

- a single person commuting via transit can save 200 gallons of gasoline a year;
- increasing traditional transit ridership by 10 percent in the five largest metropolitan areas would save 85 million gallons of gasoline a year;
- increasing traditional transit ridership by 10 percent, nationwide, would save 135 million gallons of gasoline a year;
- increasing the occupancy of automobiles in rush hours from one to a two person car pool would save 40 million gallons of gasoline a day;
- a bus or van pool with as few as (7) passengers is more fuel efficient than the average commuter automobile; with a full seated load, a bus or van pool is (6) times more energy efficient;
- a rail transit car with a full seated load is (15) times more energy efficient than the average commuter automobile.

J.P. Morgan Securities
KPMG Peat Marwick
LS Transit Systems
Morrison Knudson Company
National Association of Transit Consumer Organizations
National Consumers League
National Council of Senior Citizens
National League of Cities
Natural Resources Defense Council
Sierra Club
Simon and Company
Transport Workers Union, AFL-CIO
Transportation Communications International Union, AFL-CIO
Union of Concerned Scientists
United States Conference of Mayors
United Transportation Union
Vapor Corporation

cc: The Honorable Sam Skinner, U.S. Department of Transportation
The Honorable Brian Clymer, Urban Mass Transit Administration
The Honorable Bennett Johnston, Committee on Energy and Natural Resources
The Honorable James McClure, Committee on Energy and Natural Resources
The Honorable Quentin Burdick, Committee on Environment and Public Works
The Honorable John Chaffee, Committee on Environment and Public Works
The Honorable Daniel P. Moynihan, Subcommittee on Water Resources, Transportation, and Infrastructure
The Honorable Steve Symms, Subcommittee on Water Resources, Transportation, and Infrastructure
The Honorable Alan Cranston, Subcommittee on Housing and Urban Affairs
The Honorable Alfonse M. D'Amato, Subcommittee on Housing and Urban Affairs
The Honorable John Dingell, Committee on Energy and Commerce
The Honorable Norman F. Lent, Committee on Energy and Commerce
The Honorable Glenn M. Anderson, Committee on Public Works and Transportation
The Honorable John Paul Hammerschmidt, Committee on Public Works and Transportation
The Honorable Norman Mineta, Subcommittee on Surface Transportation
The Honorable Bud Shuster, Subcommittee on Surface Transportation

AMERICAN ASSOCIATION OF STATE HIGHWAY AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

January 2, 1991

The Honorable Alan Cranston
Chairman, Subcommittee on
Housing and Urban Affairs
United States Senate
535 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cranston:

In response to your request for comments regarding the Urban Mass Transit Act, I am submitting the attached statement on behalf of the American Association of State Highway and Transportation Officials (AASHTO). A summary of the AASHTO recommendations regarding the transit reauthorization is also attached, and immediately follows this letter.

At AASHTO, we are pleased to see that you will be holding a major transit conference as well as hearings starting early next year. AASHTO, an organization which represents the state highway and transportation departments around the nation, would like to be a participant in the conference and hearings.

AASHTO, through its Transportation 2020 program, has been working over the past several years to document needs in all of the major modes of transportation, including transit. We have also developed wide-ranging recommendations regarding the surface transportation program. The needs identified and the AASHTO recommendations are discussed in the attached statement, and copies of our related reports are also attached for your consideration.

We have provided copies of our reports to the Urban Mass Transportation Administration (UMTA) as well and have had a continuing dialogue with UMTA on reauthorization issues. We appreciate the leadership of UMTA Administrator Brian Clymer in this regard. As you will see in the attached statement, some of the AASHTO positions vary from the UMTA proposal, specifically AASHTO's support for continued funding from the General Fund for transit.

The 102nd Congress will be developing landmark transportation legislation for the post-Interstate period, and we at AASHTO look forward to working with you and your staff in this process.

EXECUTIVE OFFICE: 444 N. Capitol St., NW, Suite 225, Washington D.C. 20001
Telephone (202) 624-5800 Telefax (202) 624-5806 Telex 4900009580 HTO

Thank you again for your efforts to move this legislation forward early in the 102nd Congress and for the opportunity to provide our thoughts regarding the future of the federal transit program.

Should you have questions, please contact me or Billy Higgins of my staff at (202) 624-5800.

Very truly yours,

Francis B. Francois
Executive Director

FBF:DHC:bo

SUMMARY OF AASHTO TRANSIT RECOMMENDATIONS

The AASHTO Transportation 2020 policy recommendations included in the October, 1989 edition of the *New Transportation Concepts for a New Century* report offers the following recommendations regarding the future federal transit program:

- The basic structure of the federal transit program and distribution of federal transit funds would remain unchanged with one exception.

Increased Distribution by Formula

- The exception involves the distribution of Mass Transit Account funds beyond the current level of funds provided for the Discretionary Program (approximately $1.1 billion).

  Under existing law, the STAA of 1987, Mass Transit Account funding above $1 billion is distributed half to the Section 3 discretionary program and half to the Section 9B formula program.

  Under the AASHTO recommendation, the programs currently funded from the Discretionary Program would be held harmless at a level of approximately $1.1 billion, with any Mass Transit Account funding provided above that amount to be distributed on a formula basis to the states. These formula-distributed funds could be used for transit projects under a broadened definition of public transportation which includes high occupancy, shared ride and related services.

Continued Discretionary and Formula Programs

- Under the AASHTO proposal, the structure of the UMTA program would remain unchanged in that the basic elements would be a Discretionary Program and a Formula Program.

  The Discretionary Program would come under AASHTO's "categorical program" heading, and would fund major bus/rail rehabilitation needs, new starts, elderly/handicapped transportation, and transit planning/research. This program would, as now, be funded from the Mass Transit Account.

  The Formula Program would come under AASHTO's "flexible program" heading, and would fund on-going capital and operating needs. This program would, as now, be funded from general funds of the U.S. Treasury.

Current Distribution Means Maintained

- AASHTO proposes that the existing flow of federal funds to the state or local level remain unchanged. That is, transit funds would be distributed by UMTA just as they are currently distributed, either to state transit agencies or to local transit systems as appropriate. Similarly, the decision-making role regarding the use of these funds, matching ratios, etc. would remain as currently structured.

Continued Use of General Funds for Transit

- AASHTO recommends continuation of general funds for transit and the current Mass Transit Account/Highway Trust Fund revenue relationship.

The attached matrix (page E-26 of the *New Transportation Concepts for a New Century* report) provides additional summary information regarding the AASHTO recommendations.

AASHTO'S PROPOSED FEDERAL PROGRAMS AND RECOMMENDED POLICIES FOR HIGHWAYS AND TRANSIT	TRANSIT PROGRAMS $3.5B (FY 92) - $5.0B (FY 95)	
	CATEGORICAL TRANSIT PROGRAM	FLEXIBLE TRANSIT PROGRAMS
ELIGIBLE FACILITIES AND SERVICES	MAJOR PROJECTS ON EXISTING AND FUTURE TRANSIT SYSTEMS	PROJECTS ON EXISTING AND FUTURE TRANSIT SYSTEMS
ELIGIBLE PROJECT TYPES	O Major Rehabilitation Needs O New Transit Systems O New Transit Services	O On-going Operating Assistance O Rehabilitation Needs O New Bus Service Needs O Small Urban & Rural Transit O Broadened Type of Public Transportation Projects
ASSOCIATED PROGRAM ALLOCATIONS	O Transit Planning & Research O Elderly & Handicapped	No Associated Program Allocations
FUNDING SOURCE (S)	O Current Federal Fuel Tax Proportions Up to Current Funding Levels	O General Funds For Transit O Additional Amounts of The Federal Fuel Tax Over Current Funding Levels
FUNDING ALLOCATION PROCEDURES (S)	O Discretionary Allocations	O Current Transit Formulas For General Funds O New Transit Formula For Additional Amounts of Federal Fuel Taxes For Transit
MATCHING RATIO PROVISIONS	O Same as Current Section 3 O For New Starts and Extensions: Priority to Project with Higher Local Share	O Same as Current Section 9 and Section 18
PROJECT CERTIFICATION PROCESS	O Simplified Process	O Annual Project List
BASIC INTERGOVERNMENTAL RELATIONS	O Federal\State O Federal\Local	O Federal\State O Federal\Local

AMERICAN ASSOCIATION OF STATE HIGHWAY
AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

STATEMENT FOR

THE HOUSING AND URBAN AFFAIRS SUBCOMMITTEE
OF THE
SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

Relating To

SURFACE TRANSPORTATION REAUTHORIZATION LEGISLATION:

REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT

By

FRANCIS B. FRANCOIS
Executive Director
American Association of State Highway
and Transportation Officials

January 2, 1991

Founded in 1914, AASHTO represents the departments concerned with transportation and highways in the fifty States, the District of Columbia and Puerto Rico, to foster the development, operation and maintenance of an integrated national transportation system. The active members of AASHTO are the duly constituted heads and other chief directing officials of the member transportation and highway agencies.

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On behalf of AASHTO, we are pleased to respond to the Subcommittee's request for the Association to provide you with our views on surface transportation reauthorization legislation, specifically the Urban Mass Transit Act.

In this statement, I will discuss the major recommendations of the Association for surface transportation reauthorization legislation, as contained in our "New Transportation Concepts For A New Century" report, the final edition of which was published in October, 1989, and copies of which have been given to the Subcommittee. As an AASHTO report with recommendations, this document required approval by more than two-thirds of our 52 member departments.

AASHTO believes that we can no longer afford to address highways and public transportation separately, for in much of our nation both modes are necessary to meeting mobility needs and must function together in a coordinated manner.

Indeed, AASHTO believes that all transportation modes play a vital role in meeting America's needs to move people and freight, and that we must begin to both think and act in a more intermodal manner. It is for this reason that our "New Concepts" report includes analysis and recommendations affecting all transportation modes. We are especially concerned about assuring adequate linkages between the modes, so that they will function as one transportation system serving the nation.

We do recognize that this Subcommittee concentrates on surface transportation, specifically transit, and thus I will not further address the aviation, water and rail modes in this statement. But before leaving the subject of intermodalism, a final observation. It is not possible for any one mode to meet our national transportation needs for people and freight. In order to keep our nation moving, we must explore and implement possibilities to build an interrelated network of air, rail, water and motor vehicle transportation services.

THE NEED FOR REAUTHORIZATION LEGISLATION

On December 9, the AASHTO Policy Committee approved PR-9-90, "Surface Transportation Reauthorization Legislation," a copy of which is attached. It states AASHTO's concerns, and is directed to the 102nd Congress. We commend it to the Subcommittee. The next surface transportation bill enacted by Congress must address many new issues. The 1987 Act largely completed construction funding for our Interstate Highway System, which has been the centerpiece of the Federal-aid highway program since 1956. Recognizing that there are still a few important miles of the Interstate System to be funded to completion, next surface transportation bill is nevertheless a time for us to move beyond the Interstate program, and prepare America's surface transportation system for the 21st century.

With regard to transit, it is clear that transit must play a major role in the years to come if we are to keep America mobile, and meet our environmental challenges.

The kind of transportation system we provide for the next century will make or break this nation's economy, and will directly affect the lifestyle of all Americans. We have choices to make. We can live in cities trapped in gridlock, lose time and money traveling on decaying highways and transit systems, and watch as our competitive position in the world economy declines because of inadequate transportation. Or we can act to ensure the planning, research and investment in transportation necessary to keep the United States a world-class competitor, and to assure support to our life style.

GOALS, OBJECTIVES AND FEDERAL ROLE PRINCIPLES

Goals

The member departments of AASHTO engaged in over three years of analysis and review, leading to the adoption of our "New Concepts" report. In this process, which was carried out under the direction of our Task Force on a Consensus Transportation Program, the leadership of our 52 member departments set out seven specific national goals we believe must guide future surface transportation legislation. They are:

1. Preservation

Preservation of America's existing surface transportation system should be the primary goal of any future national transportation program since it is this system which provides the basic network upon which this nation's economic health and international vitality depend.

2. Congestion Relief

A balanced approach to increasing capacity and reducing congestion on this nation's surface transportation system should be employed, including an appropriate mix of highways and transit, and a thoughtful application of systems management technologies and demand management techniques.

3. Adequate Funding

User and benefitter fees, set at an appropriate level to cover the economic cost of the surface transportation facilities and services provided, should be dedicated solely to the funding of transportation improvements. General fund commitments to public transportation should continue.

4. Safety

The safety of Americans, using the surface transportation facilities and services, should be preserved and enhanced through the continued national commitment to safety research, safety applications and safety projects.

5. Access and Balance

The national surface transportation system should be comprised of a balanced, integrated and coordinated multi-modal network of facilities and services which provide an adequate level of access to all of the various regions of this nation.

6. Planning and Research

This nation should continue to commit sufficient funding to transportation planning and research to ensure that established goals are met, that future options do not get precluded, and that new technologies are developed and applied to transportation infrastructure in a timely manner.

7. Economic Vitality

The national surface transportation program should preserve and enhance the economic vitality of this nation by providing employment, reducing transport costs, improving freight movement productivity, revitalizing rural America, rejuvenating blighted urban areas, supporting existing land uses, attracting economic development, providing transportation for rapidly growing regions, and improving international competitiveness.

Objectives

Given these goals, AASHTO believes that the following should be the objectives of the highway and public transportation components of the next surface transportation act, and should be provided for therein:

Highways

1. System Maintenance, including pavement preservation;
2. Bridge Needs, including maintenance, repair and replacement;
3. Interstate Reconstruction, including pavement rehabilitation and preservation of the existing system;
4. Urban Congestion should be addressed with improved freeway/expressway capacity where appropriate;
5. Principal Arterials serving interstate and intrastate needs; and
6. Interstate Capacity should be increased by the addition of lanes in congested sections.

In addition, AASHTO strongly supports the prompt funding and completion of the remaining Interstate highway and Interstate substitution commitments.

Public Transportation

1. Urban Congestion should be addressed with improved public transportation services where appropriate;

2. Reconstruction and Maintenance of facilities and vehicles should be provided to preserve existing service; and

3. Mobility should be provided for the non-driving public by public transportation services.

Modal Interlinks, Applicable to Both Highways and Public Transportation

1. Access by highway and public transportation modes should be improved to ports, terminals and other modal facilities; and

2. Planning should ensure that decisions to locate ports, terminals and other modal facilities include adequate consideration of existing and future surface transportation requirements.

Federal Role Principles

AASHTO believes that all levels of government, federal, state and local, as well as the private sector, have roles to play in meeting these goals and objectives. Turning specifically to the federal role, AASHTO believes that the following eleven principles should apply to new surface transportation legislation enacted by the Congress:

1. Issues of National Significance should be included in the federal focus on transportation;

2. Systems of National Significance should be included in the federal focus on transportation;

3. Preservation Needs on the existing surface transportation should be included in the federal focus;

4. National Economic Well-Being and economic growth should be included as part of the federal focus and role in transportation;

5. Planning should be emphasized in the federal role;

6. Safety should be emphasized in the federal role;

7. Major Capital Needs requiring massive expenditures for new construction or reconstruction should be part of the federal role;

8. Research should be emphasized in the federal role;

9. Interstate or Interregional Issues should receive at least a minimum response at the federal level;

10. Emergency Relief should be provided for at the federal level; and

11. Defense should be included in the federal role in providing surface transportation.

RECOMMENDED SURFACE TRANSPORTATION PROGRAM

Building upon these goals, objectives and principles, which are more fully discussed in the "New Concepts" report, the member departments of AASHTO have developed specific recommendations for the federal highway and public transportation programs. We have also considered at length the respective funding roles of the federal, state and local governments, and the private sector, in providing the resources necessary to reasonably and rationally meet America's surface transportation requirements. Before moving to the content of AASHTO's recommended highway and public transportation programs, let me first turn to our recommended federal funding levels.

Funding Levels

In approaching the question of the total funding required for coming years in the highway and public transportation programs, AASHTO studied both modes in depth and engaged in lengthy analysis. The results of that effort are contained in the September, 1988 AASHTO report titled "Keeping America Moving - The Bottom Line," copies of which have been filed with the Subcommittee.

Among the steps leading to publication of the report in September, 1988 were the following:

Public Transportation:

1. A special committee of our Standing Committee on Public Transportation collected available information on transit funding and requirements from our member departments, the Urban Mass Transportation Administration and the American Public Transit Association, and assembled a basic set of tables showing projected requirements in large, medium and small urban areas, and in rural America.

2. The collected data was analyzed utilizing nationally-developed criteria, and the results were reviewed by transit experts in our member departments.

3. Finally, the Task Force on a Consensus Transportation Program reviewed the data, and the conclusions drawn therefrom.

Modal Interlinks:

1. After determining that no reliable data was available with respect to needed linkages between airports, harbors and railheads and the nation's highway and public transportation systems, a committee surveyed our member departments with respect to interlink needs.

2. The results of the survey were analyzed, and from this the first-ever national estimate of need was made, resulting in the findings on pages 39-42 of "The Bottom Line" report. Again, the information was reviewed by the Task Force.

AASHTO believes that if we are to deal effectively with highway and public transportation needs into the 21st century we need to raise total annual spending by all levels of government to over $100 billion for highways and about $16 billion for public transportation, in constant dollars, compared to today's investment level of about $66 billion for highways and $14.5 billion for public transportation. We also believe that, following the goals, objectives and principles stated earlier, the overall federal percentage share of our highway program should be at least the same as has been traditional, and that the federal share of the public transportation program should be increased over the levels of recent years.

Public Transportation Program Funding

AASHTO believes the public transportation funding levels it is recommending for the next surface transportation program are both reasonable and rational. We take this position because of the methodical manner in which we developed those recommendations.

For public transportation, AASHTO recommends a federal capital funding level of $3.5 billion in FY 1992, rising incrementally to about $5 billion in FY 1996, along with a continuation of operating assistance at the current level, which is approximately $800 million per year. AASHTO holds that funding for transit will require continuation of at least the present level of funding from the General Fund, in addition to funds available from the Mass Transit Account of the Highway Trust Fund.

Approximately $1.1 billion of these funds would be used for the categorical transit program under AASHTO's recommendations, and all other funds would be used for the Flexible State and Local Transit Program.

State and Local Funding Levels

State governments have been providing increasing resources for public transportation. The most recent AASHTO Survey of State Involvement in Public Transportation indicates that in FY1990, state funding for transit was $4.8 billion, while federal funding was about $3.0 billion. Increased federal resources are needed as discussed later in this statement.

Matching Ratios

AASHTO believes that the federal-state/local matching ratio for transit should remain at current levels. For the Section 3 program, the federal-state/local match ratio would be 75%/25%. For the Section 9 and Section 18 programs, the federal-state/local match ration would be 80%/20%.

AASHTO'S HIGHWAY AND PUBLIC TRANSPORTATION PROGRAM RECOMMENDATIONS

Let me now turn to our recommendations for both the highway and the public transportation programs. In both modes, we are recommending a two-component program. The first is a categorical program focused on meeting clearly national requirements, and the second is a flexible state and local program that is new in concept and which will enable the states and their local governments to tailor transportation solutions to their unique needs. Under the flexible state and local programs federal funds would be utilized only to address specific transportation issues as defined by the Congress and necessary federal oversight would be assured, but current procedures that hamper the effective use of federal funds would be eased. In the categorical programs the federal role would remain much as at present.

The "New Concepts" report describes AASHTO's highway and public transportation programs in detail. For the convenience of the Subcommittee, the following are summaries of the Association's recommended categorical and flexible programs for public transportation. The numbers in parenthesis after each section indicate the page(s) of the New Concepts report containing the recommendation.

THE AASHTO CATEGORICAL TRANSIT PROGRAM

I-Purpose: The purpose of the Categorical Transit Program is to fund capital needs for the nation's major public transportation systems (3-16).

II-Procedure:

1. The Categorical Transit Program would fund projects and programs which:

   Address major rehabilitation needs
   Address new systems and services (3-16)

2. A percentage of funds from the federal Categorical Transit Program would be set aside for meeting special needs like:

   Transit planning and research
   Elderly and handicapped transit (3-16)

3. Funding for the Categorical Transit Program would be provided through the Mass Transit Account of the Highway Trust Fund. This funding as of when the "New Concepts" report was adopted consisted of one-ninth of the current federal gasoline tax, one-fifteenth of the current federal diesel fuel tax, and one-third of the current alternative fuels tax (3-16).

4. The fiscal year 1989 funding allocation levels for rail modernization, new starts and bus capital expenditures from the federal fuel tax would be maintained and continued as discretionary grants under the Categorical Transit Program (3-17).

III-Federal Oversight:

1. The Categorical Transit Program should continue to be administered in a manner similar to that employed presently. Coordination will be required in the level of the modified federal role among the state transportation agencies, regional planning bodies and local governments, particularly in the case of urban transit systems, transportation planning and modal interlink projects (3-20).

2. A streamlined certification process would be used for projects developed under the Categorical Transit Program. Differences which exist between the certification of highway and transit projects would be retained at the federal level (3-22).

IV-Funding:

1. For the Categorical Transit Program, the federal share should remain at the current level of 75%. For new starts, or system extensions, funding priority should be given to projects providing a non-federal share higher than the minimum 25% (3-23).

THE AASHTO FLEXIBLE STATE AND LOCAL TRANSIT PROGRAM

I-Purpose: The purpose of the Flexible State and Local Transit Program is to fund a range of capital and operating state and local transit needs with General Funds, and to fund a broadened range of capital projects with a portion of the Mass Transit Account revenues (3-17).

II-Procedure:

1. Funding under this program would be spent in addressing state and local transit needs, including:

   On-going operating assistance
   Rehabilitation needs
   New bus services
   Small urban and rural transit (3-17 to 3-18)

2. The above programs would continue to be funded from the General Funds of the U.S. Treasury, and apportioned as with current law to designated transit recipients, which include local transit authorities for the large urban areas, and the states for small urban and rural areas (3-18).

3. A second component of the Flexible State and Local Transit Program would be funded from a portion of the Mass Transit Account. Under the AASHTO recommendation, all Mass Transit Account resources in excess of FY 1989 transit funding allocation levels would be distributed by a broad-based public transportation formula.

   For these Mass Transit Account formula funds, eligible projects would be broadened to permit funding for public transportation capital projects that serve to increase vehicle occupancy rates and enhance basic mobility as follows:

   Traffic signal improvements which provide priority treatment for transit and ridesharing vehicles,

   Exclusive high occupancy vehicle lanes,

   Transportation system management measures which provide priority treatment or improve operations for high occupancy and shared ride vehicles, and

   Commuter rail service capital improvements which include service between multiple urbanized areas within a single state (3-18).

4. Flexible transit funds would be administered as today, with the local transit authorities being the recipients for urban areas over 200,000 population, and the states being the recipients for small urban areas and rural areas (3-21).

5. All annual Mass Transit Account revenues in excess of FY 1989 funding allocation levels would be distributed 50% based on the current formulas, and 50% by total population (3-21).

III-Federal Oversight:

1. The states and/or transit funding recipients would be responsible for the certification of all projects receiving federal assistance (3-22).

2. Certification for projects developed under the Flexible Transit Program would not occur at the individual project level but at the statewide or local transit agency level, depending upon who was the recipient of the funding (3-22).

3. Each state or transit funding recipient would prepare an annual list of projects, using existing documents like the state construction program, the regional

Transportation Improvement Programs and the local government project lists for prior approval at the federal level (3-22).

4. Annual progress reports covering the preceding year's achievements would be submitted at the same time and as part of the same document. In this manner, the Administration, the Congress and the Federal Government would be kept abreast of progress (3-22).

IV-Funding: 1. The matching ratio for capital projects under the Flexible Transit Program is proposed to remain at 80 percent federal/20 percent state/local (3-23).

AASHTO'S TRANSPORTATION RESEARCH RECOMMENDATIONS

It is a fact that over the past decade our nation has spent less - much less - on transportation research than any of the other leading industrial nations. In the United States spending for research in the highway industry is about 0.2 percent of our highway expenditures, lower than the average in even our most basic low technology industries, which on the average spend more than eight times as much as we do on highway research. We believe this situation must be remedied, if we are to properly address the highway and other transportation problems facing America.

Over the past several years AASHTO's member departments have become more involved with and supportive of transportation research, recognizing the role it can play in helping to meet our transportation needs. In the 1980s AASHTO gave leadership to establish the Strategic Highway Research Program (SHRP), which the Congress strongly supported and funded in the 1987 Act. Recently, we created a new Standing Committee on Research, and gave it a broad charge to provide leadership in this increasingly important area.

As part of AASHTO's Transportation 2020 effort, the Standing Committee on Research developed the most comprehensive report on the status and needs in transportation research every produced. Titled "Innovation," the report was endorsed by the AASHTO Policy Committee, and copies have been provided to the Subcommittee. Based on this report, AASHTO adopted a number of specific recommendations, which are included in Chapter 6 of the "New Concepts" report.

I would like to emphasize some of AASHTO's transportation research recommendations, while directing your attention both to the complete list of recommendations in the "New Concepts" report, and the backup material in the "Innovations" report.

AASHTO believes that:

o Overall, the funding provided to support transportation research and technology transfer activities should be substantially increased, to perhaps double current levels. The federal government has a long tradition of supporting transportation research for both roads and transit, reaching back to 1893 in highways, and its leadership and funding support is vital.

- A major public-private research effort on intelligent vehicles and intelligent highway systems (IV/HS) should be undertaken, one that includes road-related transit vehicles, so that the benefits of technology can be applied to solving our congestion and highway safety problems.

  The United States currently lags far behind both Europe and Japan in this important research area. AASHTO is working with industry and the Federal Highway Administration to develop plans for a public-private effort that will put the United States in its rightful leadership position on IV/HS, and the next surface transportation bill should include strong federal support.

- A research program for public transportation should be established, perhaps patterned after the highway research program, and intermodal research should be encouraged.

The Highway Trust Fund

As the Subcommittee knows, over the past few years AASHTO has repeatedly expressed its concern about the future of the Highway Trust Fund, and its Mass Transit Account, and has approved and forwarded to the Congress several policy resolutions relating to this issue.

The Association is committed to the user fee concept for supporting transportation programs, strongly supports continuation of the federal Highway Trust Fund, and believes it should be made permanent.

We also believe that the balance in the Highway Trust Fund should be utilized for the purposes for which the revenue was collected, including the accumulated interest on funds contributed by the nation's highway users. We also strongly oppose using transportation user fee revenue for any other purpose than transportation, such as reducing the federal deficit. We want to put "trust back into the Highway Trust Fund."

Finally, the Association believes that the gasohol exemption from the federal motor fuel tax should be ended, especially if in the process of implementing Clean Air legislation gasohol fuels become mandated in some metropolitan areas. In addition, every effort should be made to eliminate the raiding of motor fuel tax revenues by organized crime. These actions could result in from $1 to $2 billion additional being available for America's highways, according to reliable estimates, without any increase in the levels of taxation.

In December our Policy Committee adopted resolution PR-10-90, titled "Restoration of Transportation User Fees for Transportation Needs," a copy of which is attached. It summarizes our concerns about actions in the 101st Congress, raising motor fuel taxes for deficit reduction purposes. We commend it to the Subcommittee's attention.

Summary

In this brief statement of AASHTO's recommendations, it is to be understood that many important program and other details have not been included, for reasons of brevity. Those details are contained in the text of Chapter 3 and the "Commentary" section of the "New Concepts" report. If any questions about AASHTO's recommendations remain after reading Chapter 3 and the "Commentary," AASHTO stands more than ready to provide any further information or needed clarifications.

It is recognized that we are just at the beginning of the Congressional reauthorization process for our surface transportation program, including mass transit. Over the coming months we know that your Subcommittee will hear from many witnesses, and will consider several proposals for helping meet our surface transportation needs. We trust that this AASHTO statement will facilitate your work. We stand ready at any time to respond to any questions you may have, and we look forward to commenting on specific legislative proposals as they are developed by the Subcommittee.

# # # #

AMERICAN ASSOCIATION OF STATE HIGHWAY
AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

As approved by the Policy
Committee on December 9, 1990

POLICY RESOLUTION PR-9-90

Title: Surface Transportation Reauthorization Legislation

WHEREAS, the Surface Transportation and Uniform Relocation Assistance Act of 1987 will expire on September 30, 1991, and federal support for highway and public transportation programs vital to the economic future and overall goals of the United States and its people will terminate unless appropriate action is taken by the 102nd Congress and the Administration; and

WHEREAS, the 101st Congress in its closing session took an important, highly commendable step toward providing more adequate support for America's highways when it increased the highway obligation ceiling to $14.5 billion for fiscal year 1991, resulting in an overall federal-aid highway program funding level of $16.2 billion; and

WHEREAS, in a sense of Congress resolution accompanying the 1990 budget reconciliation Act the members of the 101st Congress commendably stated that all highway user taxes should be dedicated to meeting the federal share of our country's vital transportation needs, and that "adequate funding of transportation is a key component of a national strategy for economic growth;" and

WHEREAS, the Secretary of Transportation has taken the leadership to prepare a draft measure, and is working with the Administration to produce Surface Transportation Legislation for submittal to the 102nd Congress.

NOW, THEREFORE, the Board of Directors/Policy Committee of the American Association of State Highway and Transportation Officials, meeting in Phoenix, Arizona on December 9, 1990, does hereby:

1. Call upon the leadership of the 102nd Congress that will convene in January, 1991 to make passage of a Surface Transportation Reauthorization Act of at least four years duration a topmost priority during its first session, as an Act vitally necessary to help meet the nation's transportation needs and as a "key component of a national strategy for economic growth."

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2. Advise the Congress and the Administration that two primary concerns of states in surface transportation reauthorization legislation are increasing Federal funding to each state and providing for not less than an 85% Federal share payable for highway projects eligible for Federal aid.

3. Request that the 102nd Congress and the Administration take into consideration the recommendations of the AASHTO Report "New Transportation Concepts for a New Century" as they develop and enact a Surface Transportation Reauthorization Act in 1991, and in particular that the Act be at least four years in duration, and reach the level of federal funding for highways and public transportation identified and fully supported in the "New Transportation Concepts" report, those levels being as follows:

Federal Highway Funding (Billions of Dollars)	Federal Transit Capital Funding* (Billions of Dollars)
FY 1992 - 17.6	FY 1992 - 3.5
FY 1993 - 19.6	FY 1993 - 4.0
FY 1994 - 22.7	FY 1994 - 4.5
FY 1995 - 25.9	FY 1995 - 5.0

These levels should be funded by fully utilizing the resources in the Highway Trust Fund and the Transit Capital Funding from the General Fund, including utilizing those provisions spelled out in Resolve 5. With these provisions fully utilized no new taxes would be required to achieve these levels. Funding for transit will require continuation of at least the present level of funding from the General Fund.

* It is noted that necessary operating assistance funds of approximately $0.8 billion per year are not included in this table.

4. Request the Administration to complete and transmit to the 102nd Congress, in conjunction with the President's fiscal year 1992 budget, its proposed Surface Transportation Reauthorization legislation.

5. Request that the 102nd Congress act to fund the program set forth in Resolve 3 by fully utilizing the resources in the Highway Trust Fund for America's surface transportation system, and that it implement the four provisions of the sense of Congress resolution included in the 1990 budget reconciliation Act by:

   o Enacting legislation providing that any increase in motor fuel excise taxes that are deposited in the Highway Trust Fund shall be available for surface transportation purposes;

   o Enacting budget authority and outlays attributable to the increase in deposits into the Highway Trust Fund as a result of any increases in motor fuels taxes through implementation of the 1990 budget reconciliation Act;

- Enacting legislation reaffirming the principle that highway motor fuel taxes should be deposited in the Highway Trust Fund, and placing revenue from the 2.5 cent highway motor fuel tax now going to the General Fund into the Highway Trust Fund; and

- Enacting legislation providing that to the extent the highway motor fuel taxes are used for deficit reduction during the 5-year period beginning with fiscal year 1991, the Congress should return to the dedicated user fee principle as soon as possible but no later than the end of fiscal year 1995.

BE IT FURTHER RESOLVED, that the Association's Executive Director be requested to provide copies of this policy resolution to the members of Congress and the Administration, on behalf of the departments of highways and transportation in the 50 states, the District of Columbia and Puerto Rico that comprise AASHTO.

AMERICAN ASSOCIATION OF STATE HIGHWAY
AND TRANSPORTATION OFFICIALS

HAL RIVES, President
Commissioner
Georgia Department
of Transportation

FRANCIS B. FRANCOIS
Executive Director

As approved by the Policy
Committee on December 9, 1990

POLICY RESOLUTION PR-10-90

Title: Restoration of Transportation User Fees for Transportation Needs

WHEREAS, the 101st Congress in its closing session enacted the 1990 budget reconciliation Act that increased motor fuel taxes by five cents per gallon, a source of revenue drawn from America's motorists and trucks that use our highways and which since 1956 has been dedicated solely to improving transportation in the nation; and

WHEREAS, in taking this action the 101st Congress violated the long established concept of using highway user taxes only for transportation, when it placed one-half of the revenue to be generated by the five cent tax increase into the general fund to directly reduce the deficit, leaving only the other half to be deposited into the Highway Trust Fund; and

WHEREAS, while the some $2.5 billion additional revenue per year that will flow to the Highway Trust Fund because of this deposit of one-half of the five cent tax increase is badly needed to improve the safety and sufficiency of the nation's transportation system, the 1990 budget reconciliation Act enacted by the 101st Congress did not make any of this new revenue available for fiscal year 1992 through 1995 and instead is therefore indirectly also using it for deficit reduction purposes; and

WHEREAS, the current levels of federal support for the nation's highway and public transportation systems are inadequate to meet rehabilitation needs, to ensure the safety of the traveling public, to begin solving congestion and rural access problems, to conduct adequate transportation research programs, and to keep America competitive in a world economy that is demanding more, not less, mobility for people and freight; and

WHEREAS, in a sense of Congress resolution accompanying the 1990 budget reconciliation Act the members of the 101st Congress commendably recognized that all highway user taxes should be dedicated to meeting the federal share of our country's vital transportation needs, and that "adequate funding of transportation is a key component of a national strategy for economic growth;" and

WHEREAS, the 101st Congress in the 1990 budget reconciliation Act also raised the taxes which support the Airport and Airway Trust fund by 25 percent, but diverted the tax revenue from this Trust Fund to the general fund through fiscal year 1993 to directly reduce the deficit; and

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WHEREAS, AASHTO agrees with the majority of Americans that the federal deficit problem is an emergency situation that requires emergency action, we also believe that Congress should not try to solve the deficit emergency by creating another emergency in transportation.

NOW, THEREFORE, the Board of Directors/Policy Committee of the American Association of State Highway and Transportation Officials, meeting in Phoenix, Arizona on December 9, 1990, does hereby request that the 102nd Congress:

1. Act to restore public trust in the federal highway and aviation trust funds, by ending all diversion of transportation tax revenue into the general fund and restoring such revenue to the respective transportation trust funds.
2. Enact transportation funding legislation that will draw down the balances in the transportation trust funds in an orderly manner, and end the indirect usage of such balances for deficit reduction purposes.
3. Enact legislation to remove the Highway Trust Fund and the Airport and Airway Trust Fund from the general fund budget and establish the Trust Funds permanently, to make the federal government a reliable and predictable partner with state and local governments in assuring a sound, properly financed American transportation system that will support "a national strategy for economic growth" through the 1990s and beyond.

BE IT FURTHER RESOLVED, that the Association's Executive Director be requested to provide copies of this policy resolution to the members of Congress and the Administration, on behalf of the departments of highways and transportation in the 50 states, the District of Columbia and Puerto Rico that comprise AASHTO.

APTA

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Turner M. Spencer, Human Resources
John L. Wilson, Small Operations

December 31, 1990

The Honorable Alan Cranston, Chairman
Subcommittee on Housing and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston:

Thank you for seeking the views of the American Public Transit Association (APTA) as you begin to develop legislation to reauthorize the federal public transit program. APTA represents all segments of the transit industry, including more than 460 transit systems of all sizes which carry more than 95% of the nation's transit riders. APTA's membership also includes over 550 manufacturers, government agencies, consultants, and academic institutions that are involved with the industry and the provision of transit service.

Enclosed is APTA's Policy Statement on Reauthorization of the Federal Surface Transportation Program. This statement provides a summary of the industry's recommendations for the future federal program. I believe that APTA's position strikes a good balance between the level of federal support necessary to meet the needs of the nation's transit users and the need for fiscal restraint as reflected by the Omnibus Budget Reconciliation Act of 1990.

Increased transit ridership is an effective means of achieving national goals of conserving energy, reducing vehicle pollution, managing congestion, and ensuring the efficient movement of goods and people that is critical to maintaining the country's economic competitiveness.

Reauthorization of the transit program is an exciting opportunity for the transit industry. I look forward to working with you and your colleagues during the new year. You can depend on APTA for support and assistance throughout this process.

Cordially,

Jack R. Gilstrap

Enclosure

APTA Policy Statement on Reauthorization of the Federal Surface Transportation Program

Adopted by the APTA Executive Committee
December 21, 1990

Reauthorization of the Federal Surface Transportation Program should reflect the critical importance of public transit service to the nation's transportation infrastructure, energy conservation, cleaner air, the efficient movement of goods, services, and people, and the consequent impact on international competitiveness, economic vitality, and full participation in society by all citizens.

APTA advocates a five-year reauthorization of the Surface Transportation Program that is consistent with the principles adopted by the Transit 2000 Task Force and with APTA's national survey of transit capital needs. The APTA reauthorization proposal provides for program changes which would be phased in gradually as funding levels increase from current levels to full funding of the basic transit reinvestment program described in that document.

FUNDING OVERVIEW

Funding Levels

Recognizing constraints imposed by the Omnibus Budget Reconciliation Act of 1990 APTA recommends a gradual increase in authorized transit funding to a level of $11.0 billion by FY 1996.

At a minimum, authorization levels should be set at $5.5 billion in FY 1992; $6.0 billion in FY 1993; $7.0 billion in FY 1994; $9.0 billion in FY 1995; $11.0 billion in FY 1996.

Program Support -- Gas Tax Increase

These program levels should be supported with both general funds and tax revenues dedicated to the Mass Transit Account of the Highway Trust Fund, which would include unobligated balances in the Mass Transit Account. APTA calls for a seven cent increase in the portion of the federal gasoline excise tax which is dedicated to transit. Such an increase could be phased in as appropriate. Transit funding from either the Mass Transit Account or the general fund should not be reduced below current levels.

Substitution of General Fund Support

Increased funding from the Mass Transit Account must not be used to offset reductions in general fund support.

Matching Ratios

The current 80%/20% federal/local matching ratio under the UMTA program should be retained and applied to all transportation capital projects under federal surface transportation programs. Modal biases fostered by different matching levels should not influence the local decision-making process regarding transportation investment. In fact, any disparity ought to be predicated on the furtherance of public policy objectives such as energy conservation and environmental considerations which favor transit investment.

KEY PROGRAM ELEMENTS

The APTA proposal retains the basic federal transit program structure up to an appropriations level of $6.5 billion annually. Once transit funding exceeds $6.5 billion, excess funds up to $11 billion would be earmarked for a capacity expansion program under which localities could decide whether to use funds for transit or highway projects. Flexible use of transit funds is, of course, predicated on reciprocal flexibility in the highway program.

APTA recommends that the $6.5 billion transit categorical and reinvestment program retain both a formula element and a capital discretionary component. Formula funding for designated recipients in various size areas should be retained. It is especially important to retain designated recipient status for urbanized areas of fewer than 200,000 people. Section 18 formula funding and Section 16(b)(2) should be continued at higher levels. The Section 3 program would retain the existing proportions between the three funding categories, with new starts/extensions and bus and related equipment funds distributed on a discretionary basis. Rail modernization funds would be distributed under a modified formula basis.

"Unitary" Authorization

For reasons of fairness and equity, APTA proposes a "unitary" authorization approach for the basic transit capital and reinvestment program, under which program priorities are maintained if appropriations levels for a particular year fall below authorized levels.

Operating Assistance

Federal operating assistance has been essential to the operation of transit systems of all sizes and to the maintenance of federal capital investments for these transit systems. APTA therefore recommends that the current operating assistance program be replaced by a maintenance assistance program under which a portion of each urbanized area's Section 9 apportionment could be used for maintenance assistance.

For systems in urbanized areas with between 50,000 and one million people eligible service maintenance expenses would be defined as any expense incurred to provide or maintain transit service. System maintenance for operators in urbanized areas of more than one million people would be equal to a percentage of their most recent combined vehicle and non-vehicle maintenance expenses as reported under Section 15, plus additional service costs resulting from the Americans with Disabilities Act and the Clean Air Act. Areas under 200,000 would be permitted to use their full apportionment for service maintenance. Recipients would be permitted to match federal service or system maintenance funds with all state and local assistance, regardless of how these matching funds are used. The matching ratio for these funds would be 50/50.

Rail Modernization and Rehabilitation

The rail modernization and rehabilitation needs of all transit systems must be addressed.

Research, Training, Human Resources and Planning

The authorization level for research, training, human resources, and planning would grow proportionally, to approximately 3% of transit funding at a $6.5 billion program level.

FLEXIBILITY

Flexible Use of Transit Funds

Flexible use of transit funds for highway projects should be authorized when funding for the transit program exceeds $6.5 billion annually. At $6.5 billion, transit funding would be restored to FY 1981 levels as adjusted for inflation. The transit industry cannot afford the diversion of funds from transit before it is able to meet basic reinvestment needs.

Interstate Substitution

There should be an authorization sufficient to fulfill existing commitments for Interstate Transfer/Substitution transit projects as part of the overall completion of the Interstate System.

Flexible Use of National Highway System Funds

The Federal Highway Administration is proposing a new National Highway System (NHS) program category in the upcoming reauthorization. States and localities should be granted the flexibility to use NHS funds for any surface transportation project which can be demonstrated to improve the performance of a National Highway System route. For example, these funds should be available for rail projects, busways and bus-related capital improvements, park and ride facilities, HOV lanes, and other transportation purposes identified at the local level. Flexibility in National Highway System funding would result from corridor level planning and a comprehensive, consistent, and coordinated local transportation planning process. Such flexibility should be used to meet local air quality and congestion management goals.

Funding for Federal Highway Administration Urban and Rural Systems should at least equal funding for the National Highway System so that all highway needs can be addressed. Full modal flexibility for the program, including transportation system management approaches, should be maintained.

RELATED ISSUES

Regulatory Requirements

Changes would be made to several "non-funding" provisions of the Act which either impose requirements on the receipt of a federal grant or which impose requirements on an entity which contracts with a Federal grant recipient. Several of the provisions have been implemented by UMTA through regulations or program guidance. The changes would attempt to eliminate inconsistent requirements, ease the administration of the federal transit program, and permit grant recipients greater flexibility in their management of federally assisted transit service.

Related Financing Issues

The current taxation of employer subsidies for transit use should be modified to ensure that transit subsidies are not taxed at a higher rate than employer-provided parking subsidies. Any revenue loss from such a change should be offset by a limit on tax-free employer subsidies for parking or similar means.

Any increase in the federal gas tax dedicated to transit should be accompanied by modification of the law governing delivery and use of such revenues. Some portion of this tax should be allocated directly to designated recipients on a formula basis. Public agencies should be given authority to pledge future allocations of the tax even beyond the authorization period to meet debt service on bonded debt. Transit operators should also be permitted to borrow from balances in the Mass Transit Account and make repayments from either local revenues or their share of future federal grants.

Consideration should be given to changes which enhance the use of tax-exempt financing by state and local authorities and which otherwise eliminate unnecessary restrictions on how those funds are raised, invested and used. The use of tax-exempt financing should be permitted for publicly sponsored transit projects even if construction and operations are carried out by private industry. Transit projects should clearly be among authorized activities. No distinction should be drawn between acquisition and construction costs. Multi-year contracts and advance approval of construction should be encouraged. Transit operators should have the option of funding self-insurance reserves, and disincentives to private investment in transit infrastructure improvements should be eliminated.

Energy Policy

The Secretary of Transportation, in consultation with the Secretary of Energy, should be authorized to provide the Urban Mass Transportation Administration with additional budget authority in the case of war or emergency situations designated by the President. In such situations, federal policy should provide for the buildup of bus fleets and make clear that the Secretary is authorized to waive regulations governing spare bus ratios and to provide transit agencies with priority for fuel deliveries and expedited vehicle procurement grants.

CTAA COMMUNITY TRANSPORTATION ASSOCIATION OF AMERICA
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November 28, 1990

Sen. Alan Cranston
Sen. Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D. C. 20510-6075

Senators Cranston and D'Amato:

In response to your letter of October 18th, I am very pleased to submit the enclosed paper on transit reauthorization on behalf of our organization.

We appreciate this opportunity to present our views on this key issue and look forward to working with you and the Committee staff as the reauthorization process moves along in the months ahead.

Sincerely,

George Rucker

George Rucker
Director of Public Policy

Enc

cc: Anthony Anderson, Esq.
Eckert Seamans Cherin & Mellott

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MEETING BASIC NEEDS WITH A BALANCED FEDERAL TRANSIT ASSISTANCE PROGRAM

Recommendations for Reauthorization of the Urban Mass Transportation Act of 1964 as Amended

Presented by the
Community Transportation Association of America

The Community Transportation Association of America (CTAA) is an organization of rural, small urban and specialized transportation providers and program managers. We have more than 460 members located in forty-eight states. In our view, reauthorization of the Urban Mass Transportation Act needs to reflect: First, a restoration of federal transit investment to a level more appropriate to the social and economic importance of this part of our national infrastructure, and Second, a restructuring of federal transit policy to meet basic mobility needs in a more balanced mix of programs and assistance.

The Need for Restoration

Federal transit investment has dropped to less than half of what it was ten years ago - figured in terms of constant dollars. In terms of its relative importance in the federal budget, it is only about one-fourth the level of a decade ago. At the same time, the unused balance in the Mass Transit Account of the Highway Trust Fund continues to grow every year -- and will grow even more rapidly with the latest increase in motor fuel taxes.

As a minimal first step toward restoring transit support to a level more consistent with its economic and social importance, CTAA urges a yearly increase in the Urban Mass Transportation Administration (UMTA) budget of at least $500 million. This could be accomplished by simply drawing down the current surplus in the Mass Transit Account and could mean a $6 billion level of investment annually by FY 1996.

The Need for Restructuring

Traditionally, transit has been thought by many to be principally, or even solely, a matter of concern to large urbanized areas and the existing pattern of federal transit assistance reflects that tradition. But, over the last few years there has been increasing recognition that basic mobility needs exist in all areas and that a variety of public transportation responses beyond conventional "mass transit" are available to meet those needs.

Data from the last Census suggest that as many as one-third of our people have limited or no access to private vehicles to meet their mobility needs. These may be considered the "transit dependent" and they are not just residents of major metropolitan complexes. At least one-third of them live outside of any urbanized area. Our own analysis of current transit resources suggests that they are woefully inadequate to fully meet the minimum needs of the transit dependent and that the gap between need and current service is greatest in rural and small urban areas.[1]

To begin the process of better targeting federal transit assistance to the basic mobility needs of our people, CTAA urges that next year's reauthorization of the Urban Mass Transportation

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[1] For details of this analysis, see the attached copy of material submitted to Transportation Secretary Skinner in connection with the development of a National Transportation Policy.

Act respond to the following five specific needs:

1) The need for more balanced federal transit investment - Under the current law, rural areas, which account for more than 37 percent of the nation's population, receive less than 4 percent of all federal transit assistance. In dollar terms, this means that this year, urbanized areas of more than 200,000 population will receive the equivalent of about $21 per capita in federal transit assistance, while smaller urbanized areas will receive the equivalent of about $6 per capita and rural areas will receive only about $1 per capita.

To respond to this need, CTAA recommends that reauthorization include an earmarking of at least 7.5 percent of UMTA funding for the Sec. 18 program serving non-urbanized areas. While this remains far short of an equitable share, it would constitute an appropriate and practical step toward more balanced transit investment.

2) The need to assist an increasing number of small urbanized areas - There are currently 252 urbanized areas with populations of less than 200,000. This year's Census is expected to result in a net increase in that number of about 45 newly designated areas. At least one-fourth of the currently designated small urbanized areas do not benefit from federally-assisted transit service and this is likely to be true of at least half of the newly designated ones. As noted earlier, small urbanized areas currently get less than their appropriate share of federal transit assistance. The pending increase in their numbers will greatly exacerbate this situation.

To respond to this need, CTAA recommends that reauthorization include an earmarking of at least 10 percent of UMTA funding for the Sec. 9(a)(1) program serving small urbanized areas.

3) The need to meet the costs of accessibility as required under the Americans with Disabilities Act (ADA) - Enactment this year of the Americans with Disabilities Act means major new costs to public transit providers at a time when federal assistance has been declining. In the absence of the funding that will be required to meet these new mandates, transit providers will be forced to cut service for everyone -- an outcome completely the reverse of the goals of Congress in passing ADA.

To respond to this need, CTAA recommends that reauthorization include an earmarking of 10 percent of all Mass Transit Account funding for a Mobility Assistance Program (MAP), the principal purpose of which would be to assist UMTA grantees in complying with the fixed route accessibility requirement and the supplemental paratransit requirement of ADA.

4) The need for full coordination of all federal transit assistance - In the absence of more adequate public transit resources, human service programs have developed their own ancillary transportation services. It has been estimated that as much as $1 billion a year in non-UMTA federal funding goes into the provision of these transportation services for program clients. In many instances, optimum coordination of human service transportation and public transportation investments fails to occur.

To respond to this situation, CTAA recommends that reauthorization include a major initiative to encourage and underwrite statewide and areawide mechanisms and the development of fully coordinated transit arrangements. Since much client transportation is focused on the needs of the elderly and handicapped, it is recommended that this initiative, like the funding for ADA compliance, be funded out of the new Mobility Assistance Program (see previous recommendation).

5) The need for a "new start" program in rural and small urban areas - Despite the creation of the Sec. 18 program in the late 1970's and the growth of the rural public transportation network since that time, nearly 40 percent of the nation's nonmetropolitan residents live in counties with no public transportation service at all and in many of the counties that do have service, it is neither countywide nor available on a daily basis. As has been noted, a significant share of our small urbanized areas are not yet served. In addition, the decline in intercity bus, train and air service that has taken place since deregulation has left rural and small urban areas increasingly isolated and added to the demand for such public transportation services as remain.

To respond to this need, CTAA recommends that reauthorization include a State Initiative Block Grant program to be available to the governors for use in rural and small urban areas where there is inadequate or no service available or where existing services have suffered a substantial decline. Such a program could be funded out of increases in the total transit budget to avoid taking resources from services already in place.

CTAA believes that a reauthorization of transit programs which includes the above elements will give greater priority within the federal transit program to the needs of those who are entirely dependent upon it -- needs which should be at the core of any national transit policy.

ESTIMATES OF THE "TRANSIT DEPENDENT" AND THE TRANSIT GAP

(Data in Millions)

	ALL AREAS	URBANIZED AREAS		NON-URBANIZED AREAS
		LARGE	SMALL	
"TRANSIT DEPENDENT" POPULATION:				
1. Households with 0 Vehicle -	24.0	15.5	2.1	6.4
2. Households with 1 Vehicle -	52.4	28.3	6.2	17.9
3. Other Elderly -	1.2	.4	.1	.6
4. Other Disabled -	6.5	2.9	.6	2.9
Total	84.0	47.2	9.0	27.8
5. Working Adults Included -	14.3	9.2	1.6	3.5
ESTIMATED TRIP NEEDS OF "TRANSIT DEPENDENT":				
1. Journey-to-Work -	4,590	2,960	500	1,130
2. Other Trip Needs -	10,880	5,930	1,160	3,790
Total	15,470	8,890	1,660	4,920
TRANSIT TRIPS CURRENTLY PROVIDED:				
1. Public Transportation -	8,800	8,370	250	180
2. Human Service Transp'n -	270	130	30	110
3. Taxi Service -	1,700	1,480	50	170
Gross Total	10,770	9,980	330	460
4. Used by Non-Dependent -	3,080	2,955	90	35
Net Total	7,690	7,025	240	425
Percentage of Transit Dependent Needs Currently Met -	50%	79%	14%	9%

ESTIMATING "TRANSIT DEPENDENCY" AND THE CURRENT TRANSIT "GAP"

Methodology and Assumptions

These estimates represent an attempt to come up with "ballpark" figures for the number of people who are dependent on public transportation, the magnitude of their "need" in terms of yearly trips, and the degree to which currently available services meet that need.

"Transit Dependent" Population - The object is to estimate the number of people who have no or virtually no access to a private vehicle to meet their mobility needs. The principal source of data was the 1980 Census of Population.

1. Households with no vehicle were assumed to have an average of 2.25 persons in urbanized areas and 2.5 persons in rural (non-urbanized) areas. All are included.

2. Households with a single vehicle were assumed to have an average of 2.8 persons in urbanized areas and 2.9 persons in rural areas. Household heads were excluded to allow for their access to the one vehicle available.

3. One-fourth of all elderly in households with more than one vehicle were included to allow for those unlicensed or otherwise unable to make use of the vehicle that might be available.

4. "Disabled" includes all with either a work disability or a transportation disability (projected to be a total of 25.3 million persons nationwide). One-third of those in households with more than one vehicle were included to allow for their probable inability to make use of the vehicle that might be available.

5. Working adults included assumes an average of 1.3 earners in each non-elderly household with 1 or fewer vehicles. (One working adult is excluded for each household with one vehicle.)

Trip Needs of the Transit-Dependent - These projections consist of two components.

1. Journey-to-Work requirements were estimated assuming that one-third of the working adults (see above) worked at home, walked to work or had access to a carpool. The remainder were assumed to need 480 trips a year (2 trips daily, 5 days a week, 48 weeks a year).

2. Other trip needs assumed an average of 3 trips per week for the non-working population previously

identified as 'Transit Dependent' (156 trips per year).

Transit Trips Currently Provided - These estimates reflect three categories of service and also attempt to adjust for the amount of current service that is utilized by persons other than the "Transit Dependent."

1. Public transportation figures are based on those reported in the APTA Transit Fact Book and the Rural America Directory of Rural and Specialized Transit Operators. Section 15 data was used to allocate service as between small and large urbanized areas.

2. Human service transportation (not receiving operating assistance from UMTA) is estimated on the assumption that the Sec. 16(b)(2) program includes only about one-third of all human service providers.

3. Taxi service level is from the most recent Sec. 310 report to Congress. Distribution as between urbanized and rural areas is based on Census data on use of taxi for journey-to-work.

4. To adjust estimated current service levels on a basis comparable to the need estimates, it is necessary to exclude trips by people not included in our estimates of the 'Transit Dependent' population. Based on income levels reported by Charles River Associates, we have assumed that 30 percent of urbanized trips (other than human service transportation) and 10 percent of rural trips are taken by persons who would not be included in our needs estimates.

DeLEUW
CATHER

De Leuw, Cather & Company
Engineers and Planners

1133 15th Street, N.W.
Washington, D.C. 20005-2701
(202) 775-3300

Our Ref.:

November 29, 1990

The Honorable Alan Cranston
United States Senate
Committee on Banking, Housing
and Urban Affairs
Washington, D.C. 20510-6075

SUBJECT: Surface Transportation Act -- Reauthorization

Dear Senator Cranston:

Thank you for your October 18, 1990 letter requesting recommendations on the Urban Mass Transit Act and the Surface Transportation Act.

Our interest in the Surface Transportation Act and our approach to the issues, stems from our Company's history and background. For over 72 years, De Leuw, Cather & Company has been exclusively involved in surface transportation; planning, engineering, design and construction management. We employ over 1,200 professional engineers, planners, environmental scientists, project management specialists and related supporting personnel. Our offices are located in 25 major metropolitan centers in the United States and 14 key international cities. Projects range in size from small municipal highway engineering support to total program management for multi-billion dollar public transportation projects. As examples of the latter, we have served as general engineering/program managers for the Washington Metro rail project and the Northeast Corridor railroad project. International projects include design of the new Taipei subway, Kuwait motorways and general engineering assistance to the financing banks on the Eurotunnel project.

We are convinced that the approach to transportation infrastructure should be multi-modal (i.e., highways, transit, commuter and long distance rail, airports, waterways) and coordinated among the modes and with land use development. Our response therefore, incorporates recommendations that reflect this goal. Other changes are also recommended that reflect our experience in working with a variety of state, local and international transportation agencies.

The recommendations which follow deal with 16 key concerns:

1. Expend Existing Transportation Trust Funds in a Timely Manner

2. Solve Suburban Gridlock

3. Coordinate Federal Transit Programs With the Clean Air Act

4. Coordinate Transportation Infrastructure Improvements

5. Provide Incentives for Coordinated Transportation/Land Use Development

6. Expand Transit Operating and Capital Programs

7. Fund Transportation Research and Development Projects

8. Expand Amtrak Services

9. Support Railroad Freight Deregulation

10. Emphasize Enhanced Transportation Safety

11. Coordinate Funding for Parks and Scenic Roadways

12. Examine the Environmental Review Process

13. Give Priority to U.S. Firms for International Work

14. Provide Incentives for Public/Private Funding Partnerships

15. Program Public Works Spending To Keep Pace With Expanding Transportation Needs

16. Spend Federal Motor Fuel Tax Funds Exclusively for Transportation Projects

Again we thank you very much for this opportunity to express our thoughts. Implementation of the necessary changes to our Surface Transportation Act will help shape the future of this country for the next century.

We will be pleased to participate in your transportation conference early next year. In the meantime if you have any questions, please call me or Mr. Gary Griggs, Senior Vice President in Washington, D.C. at (202) 775-3300.

Yours sincerely,

DE LEUW, CATHER & COMPANY

David S. Gedney

David S. Gedney
President

1991 SURFACE TRANSPORTATION ACT

MAJOR TRANSPORTATION INFRASTRUCTURE CONCERNS
DE LEUW, CATHER & COMPANY RECOMMENDATIONS

1. **ISSUE: Expend Existing Transportation Trust Funds in a Timely Manner.**

   The various transportation trust fund balances continue to escalate while basic transportation infrastructure needs go unmet. Since transportation needs for highways, bridges, bus and rail transit, far exceed available funds, the projects that have been approved should have the Administration's support for prompt obligation and expenditure of appropriate trust funds. For example, the Highway Trust Fund transit account in 1989 has an unexpended balance of $6.2 billion and uncommitted balance of $2.0 billion. This is inappropriate given the established need throughout the United States for transportation infrastructure improvements.

2. **ISSUE: Considerable Emphasis Must Be Placed on Solving Suburban Gridlock in Our Major Metropolitan Areas. This Congestion Is Stifling Travel and Negatively Impacting Our Economy.**

   Suburban transport, whether in metropolitan Boston, New York, Washington, D.C., Orlando, Chicago, Dallas, Los Angeles, San Francisco or Seattle, is already seriously congested, and congestion is getting worse every year. An action plan for solving this metropolitan problem must be a high priority item in the new Surface Transportation Act. The solution should embody a comprehensive approach involving highway improvements and public transportation service that the suburban consumer can use, that are attractive and workable. Traffic engineering improvements, high-occupancy vehicle lanes, circumferential commuter rail, improved auto park-n-ride, and bus to rail "meets" should be part of this solution. In addition to the traditional public works agency implementation approach, Transportation Management Associations (TMA's) with public and private sector participation should be employed to achieve these solutions.

3. **ISSUE: Federal Transit Programs Should Affirmatively Support Attainment of Goals of the Clean Air Act and Other Environmental Legislation**

   Special transit funding should be made available to create programs aimed directly at reducing auto emissions in urban areas that do not meet clean air standards. Examples might include funding to permit drastic fare reductions, or free fares on commuter rail off-peak services. Capital money could purchase relatively low-cost, low-emission, self-propelled rail cars appropriate to off-peak services. Operating money could make more off-peak service available, making this service more attractive.

By 1996, large employers must increase the average car occupancy of their commuting employees. Federally funded transit programs could facilitate this. In summary, transit programs must do more to facilitate achievement of environmental objectives than just make transit available.

4. ISSUE: **De Leuw, Cather Recommends that the New Surface Transportation Act Provide Incentives to State and Local Governments to Coordinate Their Infrastructure Requirements for a Variety of Transportation Modes.**

Coordinated surface transportation infrastructure networks are required to link our major cities' employment, shopping and cultural activity centers to our airports, railroad stations, ports and railroad yards. This is a critical need that affects all transportation modes. Our surface transportation infrastructure must be capable of delivering and receiving passengers and goods at transportation terminals for all modes. We should avoid the situation where major improvements are made to one mode, but the operational efficiency of that mode is frustrated because of a critical impediment at another mode. The new Surface Transportation Act should fund action plans that incorporate coordinated planning and engineering approaches to modal improvements. These study commissions should include representatives from both the public and the private sectors.

5. ISSUE: **Provide Incentives for Coordinated Transportation and Land Use Development.**

While there are many favorable situations, unfortunately there are too many examples where land use and transportation developments have not been coordinated. Major office and residential complexes that cannot be served by transit are commonplace. We recommend an incentive program under the reauthorized Surface Transportation Act that would provide additional transportation funding to those states and local agencies that coordinate public infrastructure improvements with private development through local planning and development controls and/or other means that will enhance coordination of transportation and land use.

6. ISSUE: **Continue Federal Funding of Capital and Operating Programs for Metropolitan Transit Services.**

In order to achieve a balanced transportation system -- especially in our major metropolitan areas -- and to conserve our fuel resources, bus, rail and paratransit service will require continued federal funding assistance. Because of our dependence upon foreign oil, we must minimize the continuing threat of a fuel stoppage. Further, we must take actions to decrease our dependence upon foreign energy resources. One way to do that is to expand our public transportation infrastructure and services in our major metropolitan areas. In order to accomplish this, the level of Federal funding will have to be significantly greater than that provided under the current Urban Mass Transportation Act.

To encourage efficiency of operation, we recommend that the major regional transportation agencies undertake long-range strategic capital investment planning as has been accomplished in some major metropolitan areas. In these situations programs were adopted to expand Federal, state and local funding to achieve long-range capital needs. Also, program execution involves both in-house staff and highly trained technical consultants to assist the local staff. In this manner, appropriate expertise can be utilized without a long-term financial burden involving a permanent staff commitment that may not be justified and/or necessary after the program milestone is completed.

7. ISSUE: **More Emphasis Must Be Placed on Funding Transportation Research and Development Projects.**

We are about to enter the 21st Century with minimal recent U.S. technology innovations in our transportation system. The new legislation should incorporate a significant portion of its annual expenditures on transportation research and development. We would recommend a level of at least 5 percent of all transportation expenditures.

Promising technological innovations are abundant, including high-speed trains, personal rapid transit, magnetic levitation systems, tilt-rotor aircraft, smart cars/highways, area-wide computerized traffic control networks, etc. The challenge is to implement one

or more of these systems. The new Federal transportation legislation should provide major sponsorship to get these programs initiated in five or six metropolitan centers in the United States. Again, a balanced approach needs to be taken that gives priority to those states and local governments that provide funding assistance and private sector sponsorship of these types of projects.

8. ISSUE: De Leuw, Cather Recommends That a Strong, Efficient Intercity Rail Passenger System Be a Key Element in Developing a Balanced Transportation System.

The Federal Government should continue to support the National Railroad Passenger Corporation (Amtrak). Eventually this corporation may be a profitable private sector operation, but at this time it would appear that, for at least the next ten years, financial support will be required to maintain and selectively expand Amtrak services. This support will require improving rail/highway grade crossings, enhancing computerized signaling, rolling stock, maintenance-of-way, station enhancements and the protection and/or acquisition of rail right-of-way for future high passenger demand corridors. Appropriate studies should be ongoing that examine the potential for expanding Amtrak operation and services. The local commissions responsible for these studies should be broad by nature to incorporate and integrate a balanced approach in the major metropolitan areas. In addition to Amtrak, representatives to the study entities should include both local public and private sector officials.

9. ISSUE: De Leuw, Cather Recommends Continued Support of Railroad Freight Deregulation.

The Staggers Rail Act of 1980 has had a significant positive impact on the rail freight industry. Shippers, consumers and the railroads have all benefited from deregulation. Also, certain safety and environmental benefits can be realized as more freight is concentrated on high-density lines whose level of traffic can justify rail/highway grade separations. Railroads have reduced operating costs and implemented operating efficiencies. In some cases this has included reducing engineering staff while maintaining the same or better staffing capabilities by employing rail engineering consulting firms. This reduces overhead and frequently utilizes highly qualified technical staff but only for the duration of the assignment.

As an extension of this movement toward economy and efficiency in the rail freight industry we support the repeal of the Federal Employer's Liability Act (FELA). We agree with the Association of American Railroads that this is "...an expensive and unnecessary anachronism..."

In a related issue we recommend continued Federal and/or state support of local rail assistance programs for branch lines that have been spun off due to rail freight deregulation. Track upgrading, rail crossings, grade separations and contract engineering assistance should be funded by a combination of Federal/state/ local and private sector support.

10. ISSUE: Enhance Transportation Safety for all Modes: Highways, Air Travel, Rail Transit, Freight, and Waterways.

The backbone of our transportation system requires a high level of confidence in transportation safety. Appropriate safety standards must include enhanced design in new and rehabilitated transportation projects. Incentive funding should be provided to the states, local governments and local regional transportation authorities that consistently achieve travel safety records with minimal incidents. Incentives should reward those programs that incorporate a combination of engineering design and operational programs that result in a high level of transportation safety.

11. ISSUE: Coordinate Funding for Parks and Scenic Roadways.

The Federal Highway Administration, the National Park Service and appropriate state and local agencies should develop a long-range comprehensive plan for the creation of a Federally-coordinated scenic highway program. This should involve a 9- to 18-month comprehensive study to result in an action plan for park and highway development. It should include reservation of rights-of-way, development of engineering standards and a comprehensive funding program involving both the public and private sectors. A broad-based study commission should be charged with the development of this interagency plan and program.

12. ISSUE: De Leuw, Cather Recommends Continued Support of the Environmental Review Process for Transportation Projects. However, We Request a Review of the Application of the Environmental Review Process so as Not to Unduly Extend the Transportation Implementation Period.

Environmental concerns are an important consideration of any transportation project. However, the environmental review process frequently involves an excruciating evaluation of wildlife species, extensive wetland and air/noise analyses that may be questionable and are not consistently administered. Sometimes this review process becomes a haven for project opponents, enabling them to delay a project for years, adding considerable cost to the project when and if it is approved. Hearings on the Surface Transportation Act should probe this issue to determine the extent of the problem and avenues for streamlining the environmental review process.

13. ISSUE: U.S. Engineering Firms Should Be Given Priority for International Assignments That Are Funded Directly by the United States or Through Various Institutional Banking Associations That Are Funded Directly or Indirectly by the United States.

Frequently it is difficult for U.S. firms to compete with foreign engineering firms because the foreign firms are subsidized by a foreign home country, even on assignments outside their own country. While we are not requesting a subsidy, we are asking for recognition of U.S. firms (assuming the U.S. firm(s) will provide equal or better work), when the U.S. is financing these international assignments. We do encourage the continuation of these internationally funded assignments which lead to an improved transportation network; improved relations with a variety of countries and create technology transfer for all involved in this type of work.

14. ISSUE: Provide Incentives for Infrastructure Development Involving Public/Private Funding Partnerships.

A number of states including California, Colorado and Texas have modified or adopted legislative programs to encourage public/private partnerships. Most of these programs involve roadway and tollroad development. However we believe this concept should be expanded to transit, high-speed rail, and perhaps smart car/highway developments. There are a variety of privatization techniques that can be employed that have some exciting possibilities. We suggest that incentives be incorporated into the Surface Transportation Act legislation that would further encourage the implementation of this concept.

15. ISSUE: Public Works Spending for a Balanced Transportation System Must Keep Pace with Expanding Transportation Needs.

The approach to funding transportation projects should employ a combination of user fees and dedicated funding.

The Aschauer report issued by the Federal Reserve Bank of Chicago found that the recent decline in growth of public capital spending for infrastructure needs adversely affects the growth of U.S. productivity. The report concluded that "If the growth in infrastructure spending does not keep pace with growth in industrial plant and equipment, there will be a significant impact not only on productivity but also on the profitability of business which will lead to lower private investment and lower economic growth" (Alan Aschauer - 1989)

The failure of Federal, state and local governments to adequately invest in public infrastructure has resulted in the deterioration of roads, bridges, harbors, mass transit facilities and airport facilities. The longer that we defer these projects, the more costly they will be for the American public to maintain, expand and improve.

16. ISSUE: Federal Motor Fuel Taxes Should Be Used Exclusively to Fund Transportation Projects; i.e., Highway, Transit, Commuter Rail, and Transportation Research and Development Activities.

Diversion of Federal motor fuel taxes will further worsen the condition of our nation's transportation infrastructure. The imposition of a regressive Federal fuel tax for deficit reduction significantly decreases the opportunity of state and local governments to repair and expand transportation related infrastructure. An increase in infrastructure transportation funding is essential to provide for safe transport, to alleviate congestion and gridlock in our metropolitan areas.

The level of funding required just to keep pace with existing infrastructure is considerable; for example, according to the Federal Highway Administration, $293 billion is required for deficient roads and streets and another $51 billion is required to repair more than 242,000 substandard bridges. The funding needs are staggering. There are comparable needs for rail and bus transit, waterways and airports. However, we must get on with the program, using all available means to meet these needs.

DHA

Delon Hampton & Associates, Chartered
Engineers • Architects • Planners

Delon Hampton, Ph.D., P.E.
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M.G. Menon, P.E.

January 7, 1991

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems -- nothing else does so many things so well.

DHA is a minority-controlled engineering, architectural and planning firm of approximately 175 persons which has been actively involved in transit for the approximately 18 years of its existence. At one time, the design of transit facilities was a major portion of our business, but the level of effort has diminished to date due to decreased congressional support for transit.

Even though our work in transit has diminished over the years, we have been steadfast in our support of public transportation through organizations such as the American Public Transit Association, American Road and Transportation Builders Association, and Transit NOW. In addition, at the local level, e.g. in Washington, D.C., Los Angeles, Chicago and Orlando, cities in which we have offices, we have given strong support to transit.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

"At DHA, Quality Doesn't Cost, It Pays..."

800 K Street, N.W., Suite 720, North Lobby, Washington, D.C. 20001 202-898-1999 FAX 202-371-2073
Washington, D.C. • Rockville, MD • Baltimore, MD • Chicago, IL • Los Angeles, CA • Orlando, FL

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program.

Our firm has coped with reduced funding for transit in various ways. We have, unfortunately, had to undergo staff reductions, we have attempted to enter new but related markets so as to minimize staff reductions, and we have increased our marketing efforts in order to compensate for decreased transit funding.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

The Washington, D.C. Metro system is a splendid example of the contributions transit can make to a region. The excellent quality of service it provides coupled with the strong ridership it serves contributes greatly to the quality of life of the Metropolitan Washington, D.C. area. It is essential that this system be completed and funds be provided for its maintenance in order that it continues to provide outstanding services to the citizens of Metropolitan Washington and the millions of people who visit the area each year.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Due to right-of-way limitations in the Metropolitan Washington area, there is no highway solution to its ever increasing problem of automobile congestion and the resulting detriment to the local quality of life. Thus, it is essential that we provide an attractive alternative to the automobile to commuters if we are to halt the degradation of our environment. Such would be much more cost effective and more likely to succeed than attempting to solve our transportation problems predominantly through a highway solution.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

The Metropolitan Washington, D.C. area is giving strong support to transit as a means of both reducing traffic congestion and improving air quality. Not only are we providing strong financial support to all phases of transit, including ride sharing, but we are also generating additional support for transit through strong advertising and public relations programs. Our business community supports ride sharing as well as legislation which would allow full tax deductibility of employer provided transit passes.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Establish a stronger multi-modal approach in planning, funding and decision-making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Very truly yours,

DELON HAMPTON & ASSOCIATES, CHARTERED

Delon Hampton

Delon Hampton, Ph.D., P.E.
President

DH/dsh

TRANSPORTATION
TRADES
DEPARTMENT
AFL-CIO
TTD

File: Issues:Mass Transit
Reauthorization

November 30, 1990

The Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

In response to your letter requesting the views of all interested parties concerning next year's mass transit reauthorization, we appreciate the opportunity to submit the general views of the Transportation Trades Department, AFL-CIO (TTD), which represents several million unionized workers in air, rail, transit, trucking and related industries.

For specific technical recommendations regarding this matter, we will defer to the expertise of our individual affiliated labor organizations whose core memberships are comprised of workers in the transit industries. However, we are pleased to share with you our views and concerns regarding the direction of our nations's mass transit policy and the critical reauthorization process.

The TTD, an AFL-CIO organization founded in April 1990, recently concluded its inaugural Constitutional convention, at which several important transportation policy resolutions were adopted. Delegates clearly expressed the view that our nation's transportation system -- its crumbling infrastructure -- is in dire need of an expanded federal role to properly maintain, repair and expand mass transit services.

Every major urban and rural area faces major challenges merely to meet current mass transit needs. Virtually every major city faces significant traffic congestion, threats to air quality, eroded bridges and rights-of-way and perhaps most importantly, a mass transit system facing growing pressures to respond to changing local transportation needs.

The 25 affiliates of our organization have a long history of working with the nation's legislative and policy leaders to develop sound and competent transportation policy. We are gravely concerned, however, that America's transportation policy, such as that released this year by the U.S. Department of Transportation, is drastically scaling back the federal government's financial commitment to transportation and ignoring the rights of the men and women who, day in and day out, operate and maintain the mass transportation network.

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Richard I. Kilroy,
President
Walter J. Shea,
Secretary-Treasurer

Furthermore, we are concerned that our nation's ill conceived transportation policy of the 1980s, whose foundation relied on a limited role for the federal government and a greater financial role for state and local governments, is leading us down a dangerous path of irreparable harm. The past decade has taught us that transit and all transportation services are highly capital intensive and must be supported by adequate federal funds and assistance. It is unrealistic to expect the states and cities, many of which already face serious budget shortfalls, to pickup the multi-billion dollar tab for revamping and expanding our country's mass transportation system.

We are also concerned with the current policies requiring federal grant recipients to privatize and/or submit to competitive bidding increasing portions of their public transit services. These policies raise serious questions affecting quality of service, real cost savings, if any, and their adverse impact on workers and communities.

Just as important is the issue of labor protections and workers' rights. Contrary to the views expressed in the Administration's National Transportation Policy, it is imperative that the collective bargaining and job rights of employees be protected under existing Federal law as they pertain to the federal transit grant process. Furthermore, the TTD opposes proposals to attach requirements for mandatory random (and other) drug testing to the federal transit grant program.

This concludes a summary of the views held by the transportation labor movement with respect to federal mass transit policy. Again, let me state that this organization will work vigorously, in concert with its affiliates and other interests, to secure greater federal funding levels in the mass transit area and to ensure protection of workers' rights.

On behalf of transportation labor, we thank you for the opportunity to express our views and we look forward to working with the Committee in the 102nd Congress to ensure passage of mass transit legislation.

Sincerely,

Richard I. Kilroy

Richard I. Kilroy
President

National
Association of
Regional
Councils

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December 31, 1990

The Honorable Alfonse D'Amato
United States Senate
Committee on Banking, Housing and Urban Affairs
535 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator D'Amato:

In response to your invitation, we are submitting the recommendations of the National Association of Regional Councils on reauthorization of the Urban Mass Transportation Act which is scheduled to be before Congress in 1991. We appreciate your giving NARC the opportunity to share our views on reauthorization of the Surface Transportation Assistance Act, and particularly the transit title.

We recognized the critical importance of this next reauthorization bill several years ago. It will coincide with completion [illegible] the Interstate Highway System, and therefore, set the tenor of federal transportation assistance for the next decade and perhaps beyond. Accordingly, NARC has engaged in an intensive effort to develop specific principles and recommendations for the federal transportation policy, program and assistance in the post-Interstate period.

I am enclosing a copy of our adopted program principles statement. It was developed by a task force of city and county elected officials and professional staff members from regional councils that have been designated as the Metropolitan Planning Organizations (MPOs) for their areas. I am also enclosing a brochure, "Tying It All Together", which summarizes local and regional governments recommendations for reauthorization of the federal Surface Transportation Act jointly advocated by six public interest groups.

Although NARC's principles and program recommendations are quite specific, they do not directly indicate the exact changes to the current Urban Mass Transportation program. To that end, the following is an explanation of how we believe NARC's principles and program recommendations should be interpreted with respect to modifications of the existing federal mass transportation program.

President
JOHN A. F. MELTON
SCAG
Los Angeles, California

First Vice President
BRIAN CORCORAN
Puget Sound COG
Seattle, Washington

Second Vice President
BETTY ANN KANE
Metro Washington COG
Washington, D.C.

Immediate Past President
GUS F. MUTSCHER
Brazos Valley DC
Brenham, Texas

Executive Director
RICHARD C. HARTMAN
Washington, D.C.

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Goals and Objectives

NARC believes a reauthorized federal transit program should have as its primary goals the following:

- To promote sound economic development in our metropolitan and rural regions and, thereby, enhance the Nation's economic health and international competitiveness.
- To assist states, regional and local communities in providing transit facilities and services that will provide for the efficient and economical movement of people, and for attainment of those national goals that can be fostered by improving mobility, especially opportunities for better access to jobs and housing for all citizens.
- Encourage intergovernmental planning and cooperation that promotes rational state, regional and local development objectives; and improves the economic health of communities in a manner that supports the attainment of national environmental standards, and encourages public/private partnerships in meeting mobility needs.

Program Structure

NARC's proposal for reauthorization envisions a parallel and more integrated program structure for both highways and transit. The existing UMTA programs would be reduced into three principal components: a strategic metropolitan program, a rural counterpart, and a discretionary program that would support focused high national priority objectives in both metropolitan and rural regions.

There also would be a planning and research program separate from the three capital or action program components. For the planning and research program, we have recommended the adoption of the percent funding model used to support highway planning and research under Title 23. This would entail a percentage takedown from the action program components authorized annually for transit. We believe the percentage takedown for transit planning and research must substantially increase the current annual authorization level of $45 million for such purposes. This is especially urgent now that the Clean Air Act Amendments will demand greater and more complex planning and decisionmaking.

The general principles under which the metropolitan and rural programs would function are as follows:

- Transit funding would be flexible to encourage investments in the most cost effective projects and programs available in each region. To this end, our proposal also recommends reciprocity, i.e., federal highway funds would be transferable to fund transit facilities and services if they were found to best serve regional mobility needs. Furthermore, transit assistance would be more broadly defined to encompass such projects and services as HOV and bus-only lanes, employer-based demand reduction programs, and similar actions that enhance the transportation system's operation.

- The strategic metropolitan network including the transit component would be defined by each metropolitan area through an improved MPO planning process. Federally-supported projects, both highways and transit, would be funded on a uniform federal matching basis to avoid biased resource allocation decisions -- ones made more on the basis of a higher federal matching rate rather than what makes most sense in meeting a region's needs.

- The enhanced MPO process would more fully engage state interests, and give the states a concurrence role in the formulation of the projects and programs encompassed in the metropolitan transportation improvement program. Further, the planning process would have to address the management of the system to ensure that it was performing at a high level. The activity would be integrated into the planning for air quality and provide for demand reduction programs where appropriate. Moreover, congestion and air quality concerns will require even more attention to be given to development and land use decisions in formulating a transportation system that ensures we are going to make the most cost effective use of the federal assistance.

- The rural program would continue to be administered through the states but substate, rural regional agencies would be utilized where available to assist the states in developing programs that are responsive to the economic development interests of the rural communities.

- We also would recommend a discretionary program. Its main purpose would be to assist economically depressed areas and those in special need. Funding for this program would constitute a percentage set aside of approximately ten percent from the total funds allocated to the transit program. Its principal purpose would be to fund projects that would contribute to helping declining or economically depressed areas to attract private investment or maintain their economic based.

Again, we thank you for the opportunity to provide our views on the federal mass transit program. We look forward to working with you as the Senate addresses reauthorization.

Sincerely,

Richard C. Hartman

Richard C. Hartman
Executive Director

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THE FUTURE FEDERAL-AID SURFACE TRANSPORTATION PROGRAM

Report of the Transportation Task Force

(T.J. "Ted" Hackworth, Chairman)

Introduction

Since its inception in the early years of the 20th Century the federal-aid highway program has been the largest and most successful public works undertaking in the world. The contribution to the productivity and international competiveness of our nation's economic regions is undisputable. Likewise, the social and economic benefits of enhanced mobility, particularly in central cities, older urban areas and rural communities, more than justifies our nation's commitment to investment in mass transportation systems.

However, we are now at a cross-roads where the opportunity exits to reexamine and realign the process for making transportation investments to more effectively meet the transportation needs of the 21st Century. The federal-aid Interstate program has been the driving force for highway investment since 1956, and by 1991 the construction of the Interstate System will virtually be complete. The goal of the interstate program--of connecting our major metropolitan areas has largely been achieved. Now the dimensions of our greatest emerging needs are intra-regional and intra-state in scope: the problems of deteriorating urban and rural infrastructure, urban and suburban congestion, rural isolation and the need to sustain economic development.

While needs are monumental and can be documented in virtually every state, this pervasiveness does not necessarily qualify the issue in terms of national policy and, therefore, a subject for federal intervention. A case for continuing federal intervention must be made.

The most fundamental rationale for a continuing federal assistance surface transportation program is derived from essential federal concern and responsibility for sustaining and enhancing a healthy and vital national economy. Because the national economy is basically the sum of the economies of its urban and rural regions and communities, responsibility for sustaining its health also must focus on its components parts---our urban and rural communities and regions.

The federal interstate program has dramatically demonstrated the power of a federal highway program to forcefully influence the strength and location of urban and rural development. Whatever the reasons given to originally justify the interstate system, its fundamental impact has been economic. Furthermore, the interstate program, justified on the basis of "national interest", in real-

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ity, supports regional and local mobility and access. Over 95% of traffic on federal-aid system is for local and regional travel purposes, demonstrating that the existing system, justified on the basis of "national interest", in fact, is the life blood of regional economies.

The NARC Board of Directors has adopted a Statement of Principles developed by the Transportation Task Force on a post-interstate federal surface transportation program. The principles are guidelines used by the Task Force to formulate more definitive policies and a proposed federal assistance program to foster the principles. The Task Force has translated the officially adopted Statement of Principles for a post-interstate program into policies that, in turn, define the new federal program. This document outlines the consensus of the Task Force in their construction of a framework for the post-interstate surface transportation program.

Statement of Principles

The National Association of Regional Councils believes that the preservation and enhancement of rapid and economical movement of people, materials and products within all areas of our country is an indispensable requirement for achieving our Nation's economic goals. Therefore, the federal, state and local partnership required to meet our country's surface transportation needs should be structured to most effectively address the mobility requirements of this Nation. This partnership must involve local elected officials who are accountable for making the basic land use decisions that primarily affect the allocation of our transportation resources. In the debate regarding the direction and development of post-interstate surface transportation programs, the National Association of Regional Councils will be an active participant, guided by the following principles:

- The continuing federal role in surface transportation program authorization and funding is derived from the basic federal responsibility for sustaining a healthy national economy, especially in this era of mounting international competition.

- Four distinct economic objectives should be addressed in the post-interstate program:

    Support of interstate commerce

    Strengthening of urban and surburban America

    Strengthening of rural America

    Increase the capacity of the United States to export its goods and services in world markets.

- Federal program funding should be sufficiently flexible to encourage investment in cost effective projects designed to fulfill the Nation's economic goals. To parallel the three basic economic objectives, there would be three basic federal program elements as follows:

    Sustenance of the interstate network

    Assistance in improving urban/suburban mobility

    Assistance in improving rural mobility.

- The funding allocations for these programs must reflect the economic objective of strengthening urban and rural America. This is as critical to the health of the national economy as supporting interstate commerce.

- At a minimum, transportation program funding should incorporate three elements:

  User fee basis

  Matching levels that encourage flexible state and local participation and resource allocation decisions without federal distortion

  Program levels and allocations that encourage orderly and timely development and full achievement of the economic goals of all sections of the country including older urban areas.

- Substate regions should be the forums for cooperative federal, state and local planning. Allocations of transportation resources should further the national objective of sustaining and enhancing economic vitality with sensitivity to national health, safety and environmental goals.

Federal-Aid Surface Transportation Program

Purpose and Objectives

- To assist states, substate regions and local communities in providing surface transportation facilities and services that preserve and enhance the efficient and economical movement of people, materials and goods within and among states, substate regions and local communities. A transportation system that permits the efficient and economical movement of people and goods is indispensable to sustaining economic growth and prosperity at the national, state and local levels.
- To encourage intergovernmental planning and cooperation that promotes orderly national growth and development to improve economic competitiveness, and to foster public/private partnerships in meeting substate regional and local mobility needs.
- To promote the attainment of those national goals that can be fostered by enhancing mobility, especially fair and equal housing and employment opportunities for all citizens.

Federal-Aid Program Structure

The proposed structure of the highway/transit surface transportation program is designed to provide maximum flexibility in investment decisions and to support and strengthen the fundamental federal/state/local partnership in meeting our surface transportation needs. Maximum flexibility is achieved through consolidation of existing highway and transit categories into three program categories that reinforce and carry out the basic mission and objectives of the surface transportation program: sustenance of the interstate network; assistance in improving urban mobility; and assistance in improving rural mobility. Each program category or element offers maximum flexibility and discretion for cost effective investment decisions.

The concept of a strengthened partnership arrangement is implemented through a proposed program structure that calls for continued federal investment in highway and transit programs, but with additional state and local investment responsibility coupled with increased local flexibility and discretion in transportation investment decisions.

Three highway/transit programs or systems in which there is a joint federal/state/local partnership are proposed: (1) the Interstate Highway System; (2) the Strategic Metropolitan System; and (3) the Strategic Interregional and Rural system. Within the two non-interstate categories, enhanced program flexibility and discretion as well as cost effectiveness is provided through co-mingling of highway and transit funds.

I. Interstate System

This network includes the current 42,797 mile National System of Interstate and Defense Highways. The Interstate System program category would provide funding for "capital maintenance"--restoring, resurfacing, rehabilitating and reconstructing--of the completed Interstate Highway System.

Heavy congestion on many parts of the Interstate System, particularly in and around urban areas, and the need to accommodate future interstate commerce movement may warrant future expansions to the current interstate highway network. New alignments or existing system expansions should be designed specifically to accommodate predominantly through traffic functions (eg., by-pass segments with no or few interchanges). However, construction of these expansions to the Interstate would be accomplished through the Strategic Metropolitan and the Strategic Interregional/Rural programs.

The Interstate program category would be formula driven and would be administered by the states. The federal match for this category would be set at a level that recognizes and is consistent with the continuing, predominant federal role and responsibility in preservation and maintenance of the Interstate Highway System.

II. Strategic Metropolitan System

A Strategic Metropolitan System network would be defined by each metropolitan area through the MPO process. However, segments on this system would have to meet certain basic national criteria of eligibility. The Strategic Metropolitan System would include any capacity expansions to the Interstate System that lie within the metropolitan area boundaries.

Program funding should incorporate matching levels that encourage flexible state and local participation and resource allocation decisions without federal distortion. Consistent with this guideline, the matching ratio for this program would be uniform for all projects on the system. Furthermore, the relative distribution of cost shares would be set at levels that support the strengthened partnership arrangement which recognizes a greater state and local investment commitment coupled with increased flexibility and control over investment decisions. Funding for highway and transit projects on this system would be dedicated to use in Metropolitan Statistical Areas (MSAs) and would be allocated on a formula basis.

III. Strategic Interregional and Rural System

This system or program would operate similarly to the Strategic Metropolitan Systems component, but would be administered by the states. Allocation of these funds and the resulting projects would be carried out consistent with a rural regional transportation planning process. This requirement would ensure that regional projects initiated by a state are compatible with the area's development policies and priorities. The Strategic Interregional and Rural System would include any expansions to the Interstate System that lie within the affected rural area.

Consistent with the concept of greater flexibility without federal distortions, the matching ratio for this program would be uniform for all projects on the system. Furthermore, the matching ratio would be set at a level that supports a strengthened partnership arrangement which recognizes a greater state and local investment commitment coupled with increased flexibility and control over investment decisions.

Intergovernmental Planning and Program Management

Any new intergovernmental planning and management process to guide federally funded investments for transportation must have at its base, the concern for community. Community needs and values--local and regional--must be primary. And transportation decision-makers must find a compatible balance among our propensity for travel, the need for economic growth and our need to maintain the integrity of our living environment. Getting and keeping the balance, is and will continue to be, difficult especially in a period of fiscal limitations.

This should inspire us to devise a planning and decision-making process that searches for balance and rationality. It must keep the "big picture" always in mind; protecting community values and improving the quality of life must be the guiding principles.

In view of this and NARC's vision of a post-interstate program, the objectives of the intergovernmental planning process should be to:

- develop a collaborative process that actively engages state, regional and local government in a partnership planning and programming process;
- achieve in the context of regional and local development policies and patterns, sufficient cost-effective transportation investments and services;
- provide for the participation of state transportation, transit operators and local elected officials of cities and counties as the active decisionmaker;
- protect the existing public investments in transportation facilities and promote the efficient use of such facilities through traffic and incident management techniques, and incentive to reduce peak period single occupant vehicle use;
- emphasize transportation investments that promote the attainment of environmental standards;
- facilitate the use of program flexibility and discretion to attain the most efficient use of available resources;
- ensure that questions of fiscal capacity are addressed to accommodate the plan and program within available federal, state, regional and local resources.
- contribute to the preservation and improvement of the economic base of built-up urban areas and rural regions;
- address the need to provide efficient surface transportation linkages to railroads, ports and airports.
- maximize the use of scarce resources available for transportation investments.

THE METROPOLITAN PROCESS

Institutional and Geographic Requirements

In absence of state law to the contrary, the preferred agency for carrying out the federal planning requirements would be a multipurpose, multi-jurisdictional entity composed mainly of elected officials of general purpose local governments in partnership with appropriate representation of the governor or state transportation agency and of the transit operators within the area.

The geographical boundaries of the planning and programming effort are crucial to its success. Presently, DOT Joint Planning Regulations are not certain on this point. Thus, we have two or more MPO's operating in single metropolitan statistical areas (MSAs). Others function and plan for only the urbanized portion of the metropolitan area. And further, most interstate metropolitan areas are fragmented along state lines for such planning. These disparate arrangements defy reality; most metropolitan areas are growing fastest in the part of the region outside the urbanized area or even on the fringe of the MSA. Accordingly, the minimum area for the new planning and management process must be the MSA, with the caveat that existing planning efforts in consolidated metropolitan statistical areas shall be maintained at that geographical level. In addition, where there is significant interchange of traffic between two metropolitan areas, there should be a requirement for a joint, cooperative effort between the planning agencies to deal with the interface. In no event would a state be authorized to split an urbanized area for planning purposes.

Mandatory Planning Activities and Products

The proposed planning and program management process retains those aspects of the MPO planning process that make sense and incorporates other requirements to enhance the quality of the process and promote plan attainment. Under the enhanced program management arrangement, the entity doing the planning would direct the allocation of all federal surface transportation monies apportioned to the Strategic Metropolitan System (SMS) or to the Strategic Interregionl/Rural System (SI/RS). The funds so allocated would be directed by the planning entity to projects and recipients in the amounts identified by the planning entity to the appropriate development or operating unit.

To provide the basis for making such resource allocation decisions, the following activities and products would be required:

- A long-range multimodal transportation plan having a 15 to 20 year horizon.

- A long-range financial plan that identifies the resources, including non-federal funds, that will be used to implement the plan and capital program. If there is a fiscal capacity short fall, the plan establishes the strategy under which the additional resources will be obtained.

- A 5- to 10-year capital improvement program that translates, on an annually updated basis, the long range plan into reality.

- A process that assures long-term equitable distribution of funds among all jurisdictions within the metropolitan area. Under this process a target allocation of funding over a period of years (e.g., 10 years) is established for each jurisdiction within the metropolitan area based on population. Projects are prioritized using technical criteria and then the program of projects is adjusted to bring actual funding commitments in line with the population-based target allocations over the long-term. While each area may not receive its target allocation within a specific year, over 10 years the disparities are minimized. The major benefit of this process for allocating scarce funds is that the most deserving projects are given the highest priority, and at the same time, there is a safeguard built into the process which assures a long-term equitable distribution of funds.

Concerns have been raised about the perceived diminished role of the states under this program management structure. On the contrary, the states would retain a significant role but under a more collaborative arrangement. Specifically, the planning entity would have the project initiation authority for all projects on the SMS, unlike now where they initiate only the Federal Aid Urban (FAU) projects. Planning entities would, as they theoretically do now for FAU projects, be responsible for programming all highway and transit projects on the SMS. The states as well as the transit operators would be represented in the planning and program management process.

Under the current metropolitan systems planning model, the states have a concurrence role. In the absence of their concurrence with the proposed program, the funds are not used. Under this new approach, the state concurrence role would be retained but the impasse resulting from nonconcurrence would be replaced by a negotiated settlement approach. With a negotiated settlement requirement, should the local governments, represented through the metropolitan entity, and state not concur, the parties would have two years to reach a negotiated settlement. At the end of this period, the funds would revert back to the trust fund for redistribution.

Performance Assurances

Performance assurances are the preferred mechanisms that can be used to establish the linkage between the program objectives and resource expenditures that are directed toward support or achievement of the objectives. Such assurances fall into two categories: (1) system definition criteria and (2) investment performance assurances.

1. System Definition Criteria. The first issue to address in formulating performance assurances is criteria for system definition. Criteria should be used to reinforce the linkage between mission objectives and efficiency and effectiveness in meeting those objectives; to establish the configuration of existing system network and additions to that system network; and to define the system on which funds can be spent. Criteria for the Strategic Metropolitan System would include:

- All functionally important roads such as principal arterials, expressways, freeways and access roads to major traffic generators, all of which are components of an integrated regional network.

- Transit rail systems, major trunkline bus routes and major intermodal interconnections between the highway and transit systems, all of which are components of an integrated regional network.

2. Investment Performance Assurances. Beyond system definition criteria, performance assurances governing project selection are needed. National mission objectives can be divided into two classes:

- those directly transportation-related--enhancement of mobility and economic vitality; and

- those broader national objectives--safety, civil rights, air quality, access to jobs and housing, etc.

The performance assurances must address both, but to different degrees--that is, positive enhancement with respect to the former and support or at least neutrality with respect to the latter complementary objectives.

Also the broader, complementary national objectives can be subdivided into two groups: those which the federal government requires adherence to an absolute standard (civil rights, safety) and those which require adherence to minimum requirements but where the specific trade-off decisions are delegated to the local level (air quality, access to housing and jobs).

Self-Certification. A self-certification process approach is the proposed mechanism to accommodate and assure these objectives are met. Under this approach, the MPO (and state) would establish its own process, standards and conditions to objectively address a specific set of objectives, and would certify to the federal government that these objectives have been addressed and met. In other words, the MPO would commit to a "policy reconciliation" process under which they would make specific policy trade-offs rather than to adherence to definitive federal standards. The work group offered a list of conditions which the MPO must certify have been met in the regionally developed TIP: the goal of enhancing mobility and economic vitality has been met; the MPO has established a defined system; safety concerns have been objectively addressed; environmental concerns have been objectively addressed; and access to jobs and housing has been objectively addressed.

Minimum guidelines and conditions for self-certification would include the following:

- The products (i.e., long range plan, capital improvement program, and financial plan), where applicable, must demonstrate they are compatible with state regional and local development policies and plans. In turn, the agency must demonstrate the CIP is only supporting those parts of such development plans that can or will be able to support cost-effective transportation investments. For this purpose a cost-effective investment is one that the benefits in economic development terms exceeds the costs.

  While this would be the general rule, there would be exceptions. They would recognize the special needs of communities with declining or stagnant economic growth or severe air quality problems. To these ends, projects that either promoted economic growth, or provided opportunities for substantial numbers of low income persons to have access to employment opportunities would be exempted.

- The process would have to consider and, where possible, propose development or provision of services to assist in preserving and improving the economic base of central cities and other parts of the built up core area of the region.

- A required part of the capital program would address the need to preserve and conserve the existing capital investments of the non-interstate portion of the highway network and the public transit facilities in the region. This would not encompass local roads and streets that were not part of the strategic system that is defined in the long range plan.

- A required part of the plan and program would be to include a transportation systems management element that would emphasize measures to get optimum use out of the existing network, including demand reduction or management measures.

- Assurances that the plan and capital program are found to either promote or not interfere with the attainment of federal air quality standards in the region.

- Assurances that projects conform to certain national objectives such as safety and civil rights. Certification of compliance with regulations would constitute assurances.

The federal government would not regularly monitor whether the various conditions are being met, but rather the planning agency would certify to the federal government that they have applied the minimum criteria and the federal government would approve the process.

To demonstrate compatibility between the national purposes and objectives and regional projects and services, the planning and management process would have to be certified every two years. This would be by self certification, and be subject to periodic post audits by DOT.

In making the self certification the state and regional agency would have to demonstrate the adherence of the process to the following performance standards which would be tested through the examination of the mandatory components involved in the process:

THE INTERREGIONAL/RURAL PROCESS

A counterpart intergovernmental planning process at the substate regional level is contemplated in NARC's proposal for a new surface transportation program. But it recognizes that the nature of the travel demand is different, and the planning process must reflect this fact. The challenge is to move the current arrangement--which is informal and consultative--to one of partnership and participation between the state and rural region. To achieve this result the following requirements should be established:

- Consistent with the rationale in the metropolitan process, rural planning agencies would be designated to conduct the planning process.

- The geographical boundaries of the rural regions would be established on the basis of economic and natural resource features and design, consistent with state or gubernatorial executive order.

- Planning funds would be provided to establish a data base to permit the rural region to develop a transportation network which would adequately support community and economic development plans that realistically could be justified in view of state and national economic trends and policies. Once certified, the plan and program would be updated on a biennial basis. The plan and program would include:

- a transportation element to the regions community and economic development plan;

- a five-year capital investment program that proposes a schedule for developing the plan's facility needs.

Under this planning arrangement, the state continues to receive the federal surface transportation funds for non-metropolitan areas. But in allocating such monies it would be required to consider the rural regional plans with the state. And funding non-interregional projects would have to be in conformity with the regional plan and program.

Funding Structure and Investment Requirements

The funding structure for the post-interstate program should adhere to the following guidelines:

- The program must be sufficiently flexible to encourage investment in cost-effective projects and services.
- The Highway Trust Fund and its administration by the U.S. Department of Transportation of federal user fee revenues accruing to the Fund should be continued. The Task Force opposes any proposals to turn back federal user fee revenues to the states.
- Funding for the program must be heavily user fee based.
- User fee revenues should be expended in a timely manner for the needs and uses for which they were intended.

User Fee Structure

To the extent projects or activities support the objective of preserving and enhancing efficient and economical movement, they would be user fee funded. If projects or activities have complementary objectives, they would be funded with general funds.

I. User Fees - The type and amount of user fees should be designed to achieve equity, efficiency and cost-effectiveness.

- The existing user fee system would be retained but the fees would be indexed to annual changes in construction costs and/or maintenance costs and to changes in consumption.
- The current exemptions accorded to ethanol and other alternative fuels would be terminated.
- The revenues from the user fees would continue to be paid into a dedicated trust fund, and by statute, any interest accruing to the Highway Trust Fund as well as all funds collected shall be made fully available to eligible recipients at the end of the year in which they are collected.
- All highway user fee revenues and earned interest would accrue to the Highway Trust Fund and could be expended solely for highway and transit system projects. Neither the balance of funds in the Highway Trust Fund nor revenues from increased user fees would be used for general deficit reduction purposes. Furthermore, any across-the-board spending reductions would not apply to federal-aid

highway and transit programs which are self-sustaining.

- Users would pay according to the costs they occasion.

The primary products and/or services on which user fees would be levied include:

All vehicle fuels, and vehicle parts and supplies on which excise taxes are currently levied.

Tolls on certain federal-aid roads.

II. General Funds - Funds made available through the Highway Trust Fund would be augmented with general funds. These supplemental appropriations would defray the major part of the costs in achieving social, environmental and other national goals that incidentally may result from transportation investments designed to improve access and mobility.

Funding Levels

Estimates of the additional annual investment at all levels required for highways and transit to meet backlog and emerging needs range from a 50% to a 100% increase.

The American Association of State Highway and Transportation Officials estimates an additional annual investment over 1987 levels of $34 billion for highways and $2 billion for transit is needed to maintain the physical characteristics of the highway and transit systems and keep up with the growth in travel demand--a 45% increase.

The National Council on Public Works Improvement recently determined that the investment in our transportation system needed to be doubled to maintain the nation's economic vitality and to meet economic growth.

Preliminary information from a NARC survey of long range metropolitan transportation needs shows that an additional 50% - 100% investment is needed.

Based on the information from available national studies, an immediate increase in the investment for highways and transit of 50% is needed with a 100% increase by 1996. The recommendations is to increase the federal motor fuel tax by 4.5 cents in 1991, increasing incrementally to 9 cents by 1996. Moreover, there should be a timely expenditure of all user revenues to the Highway Trust Fund, and those revenues should be expended solely for the purposes for which they are intended.

In distributing additional revenues from increases to the motor fuel tax, the proportion going to fund mass transit should be greater than the current ratio of 9:1. By providing total flexibility with funds above current revenue levels, hopefully strategies to maximize mobility would in fact result in a ratio approaching 5:1 or 4:1.

Sizing the Program Components

Hold existing program components harmless at comparable funding levels as of the close of the current authorization period. Place these program funds in the three NARC proposed program components with the exception of a few specialized programs. Funding above these hold harmless levels would be distributed among the three components based on relative need as determined by the Federal Highway Administration's (FHWA) Highway Performance System (HPMS) supplemented by any additional relevent and appropriate needs data. The hold harmless provision would be phased out over a five-year period.

Interstate Program (3R) Component *	Strategic Metropolitan System Component	Interregional/Rural System Component
($ Billions)	($ Billions)	($ Billions)
I-3R	FAU	FAS
	IS	IS
	FAP	FAP
	TRANSIT	TRANSIT

TOTAL EXISTING FUNDING LEVELS

ADDITIONAL FUNDS DISTRIBUTED BASED ON RELATIVE NEED

In keeping with the agreed upon principle of maximum flexibility in allocation of resources, federal funding for and highways and mass transportation would be held harmless by individual metropolitan area at funding levels existing at the end of the current authorization period. These levels represent an allocation floor for each metropolitan area. Resources above those levels would be available for either highway or transit projects at the discretion of the regional decisionmakers (i.e., local elected officials, transit officials, private sector participants, state representatives). This hold harmless provision would be phased out over a 5-year period.

Discretionary Program

In addition to the three programs, an additional discretionary program would be added, "Economic Enhancement Program", to assist economically depressed areas in attaining economic vitality. Funding for the program would be derived from a 5% to 10% setaside of total highway and transit funding; distributed according to broad guidelines to assure the use of funds would contribute to attaining economic vitality of depressed regions; and would be matched on a 50/50 Federal/nonfederal basis. Discretionary funds would not be available for high cost, multi-year new transit starts.

Federal/Nonfederal Match

Interstate 3R Program Component: 90/10 Federal/Nonfederal Match
Strategic Metropolitan System Component: 70/30 Federal/Nonfederal Match
Interregional/Rural System Component: 75/25 Federal/Nonfederal Match

As a means to encourage and leverage private sector participation, private contributions would be an eligible component of the nonfederal match. Furthermore, toll financing sould be permitted to finance maintenance on existing federal-aid facilities as well as to finance construction of new facilities.

Criteria for Allocation within Program Categories

Interstate 3R Program Component: Existing I4R formula - 55% interstate lane-miles; 45% vehicle miles traveled on the interstate

Strategic Metropolitan System: Existing Federal Aid Urban formula, modified - Metropolitan area population

Interregional/Rural System: Existing Federal Aid Secondary formula, modified - 30% area; 30% rural population; 30% interregional/rural lane-miles.

Eligible Activities

Currently, with respect to highways, capital expenditures as well as "heavy" maintenance are eligible for federal-aid funding. For transit, capital and operating expenses are eligible (however, there is a cap on operating expenses). Eligibility should be extended to routine highway maintenance and transit maintenance, and the transit operating cap should be removed. That is to say, some activities for which the state and local governments are now paying 100% could be funded in part by the federal government. This is consistent with the concept of maximum flexibility and greater nonfederal participation. Moreover, under the proposed program structure and management process, routine highway maintenance and transit operating expenses would compete at the same matching ratio as other worthy projects. This would tend to limit inefficient allocation of funds to relatively lower priority projects.

Safety

Continued emphasis on transportation safety should be a high priority. A separate safety program should be retained with funding at today's level relative to total funding.

Research and Development

The future highway and transit program should provide increased emphasis on research and development. The level of investment in Research and Development should be increased over current levels. Current R&D funding includes a portion of the 2% setaside (1 and 1/2 % with 1/2% option) for the state Highway Planning and Research program and $25 million for the Strategic Highway Research program. An additional 2% setaside for R&D is recommended pending estimates from other organizations.

Goods Movement/Intermodal Access

AASHTO has an additional $1 billion per year is required to meet intermodal access needs. Under the future highway/transit program, intermodal access projects should be eligible for federal funding. Performance assurances under the metropolitan program certification process should include assurance that adequate attention has been given to intermodal access considerations and implications.

Planning Funds

At least 2% of funds out of the Highway Trust Fund would be set aside for the purposes of carrying out regional planning for the new surface transportation program.

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TO: Don Campbell, Dan Potash

FROM: David Capozzi, Easter Seals

SUBJ: Americans with Disabilities Act implementation

DATE: January 8, 1991

The following is a draft statement of need and a set of parameters to provide a mechanism to help implement the Americans with Disabilities Act (ADA). Of course transit systems will need new dollars to help with the requirements of the ADA. However, money alone -- along with purchasing accessible vehicles -- will not effectively implement the ADA. In fact, if that is all some transit systems do, then the ADA is doomed to fail in those communities.

Training programs are needed so that people with disabilities get over their fears about using public transit; transit operators need training to deal with a new customer base; new forms of technology need to be encouraged; and outreach and marketing efforts need to be undertaken to encourage the use of accessible services.

OBJECTIVE: Expand the governments efforts regarding transportation accessibility through either an expansion of Project ACTION or technical assistance related to the Americans with Disabilities Act.

I. Needs statement:

With the passage of the Americans with Disabilities Act (ADA), transit systems around the country are struggling to effectively implement the new requirements of this law. Many transit systems have never purchased accessible fixed route vehicles and thus have not had experience in training their drivers or consumers to make use of accessible public transit services. Additionally, many transit systems have not dealt with complex issues such as how to secure a wide range of mobility devices on their transit vehicles or how to encourage people who are able to use accessible fixed route transit

Project ACTION is funded by the Urban Mass Transportation Administration (UMTA) to increase accessibility to public mass transportation for people with disabilities.

to move off of expensive paratransit and make use of accessible fixed route services. Also, the ADA now covers other forms of transit including rapid, light, and commuter rail systems. Many of these systems have had little or no experience in working cooperatively with disability organizations or in providing programs to make accessible services work.

One effort that is currently underway to assist transit systems meet their obligations under the ADA is Project ACTION. Project ACTION (Accessible Community Transportation In Our Nation) seeks to create and demonstrate a cooperative model for accessible public transportation involving national and local disability and transit interests. It was designed to improve the relations between the transit and disability communities as well as augment the tools and techniques that can be used to improve transportation services to people with disabilities.

The project includes the development and demonstration of a cooperative model of techniques to:

√ identify people with disabilities in the community and their transit needs
√ develop outreach and marketing strategies
√ develop training programs for transit providers
√ develop training programs for persons with disabilities
√ apply technology to solve critical barriers to transportation and accessibility.

Project ACTION reached a major milestone on June 29, 1990 with the distribution of a request for proposals (RFP). The RFP provides for $1.8 million in funding for local demonstration projects. Over 1,500 organizations and individuals received a RFP. By the October 1, 1990 filing deadline, 82 proposals were submitted with a total request of $6.7 million. Approximately 20-25 local demonstration activities will be funded in 1991.

However, no additional funding is available beyond the $1.8 million amount to assist other transit systems to effectively implement the ADA. Also, no additional funds are currently available to assist rail systems meet the challenges posed by the ADA.

II. Parameters of authorization:

Assuring access to transportation is critical to promoting maximum independence and achieving meaningful community integration for persons with disabilities. Transit providers seek to accommodate the needs of people with disabilities as part of their efforts to provide satisfactory transportation services to the public. However, public policy efforts and interaction between the disability and transit communities to date have been inadequate relative to expanding the accessibility of public transit for individuals with disabilities.

New programs are needed for the purpose of conducting:

- technical assistance for on-site visits for those communities where intensive help is needed. This technical assistance could be provided in a number of ways, including peer groups or sending a experienced representatives from one community that has successfully dealt with an access issue to another community. Other activities could include setting up an electronic information sharing network, if feasible.
- ongoing demonstration programs similar in nature to those that will be funded by Project ACTION in 1991.
- encouraging future innovations especially in the area of technology development.
- information dissemination and sharing.

NATIONAL
GOVERNORS'
ASSOCIATION

Booth Gardner
Governor of Washington
Chairman

John Ashcroft
Governor of Missouri
Vice Chairman

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Executive Director

Hall of the States
444 North Capitol Street
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January 23, 1991

The Honorable Alan Cranston
Chairman
Subcommittee on Housing and Urban Affairs
535 Dirksen Senate Office Building
United States Senate
Washington, D.C. 20510-6075

Dear Senator Cranston:

Thank you for the opportunity to share our views on public transportation with the Senate Committee on Banking, Housing and Urban Affairs. The Governors recently adopted a transportation policy overview that addresses many aspects of public transportation.

As we all know, public transportation is an integral part of the nation's surface transportation network. Public transportation serves multiple and overlapping social, energy, and environmental needs in addition to the direct transportation needs of many Americans.

States have steadily increased funding over recent years, so that state support now exceeds federal support. While the private sector has an essential role in transit, especially in providing specialized transit service and intercity bus service, the Governors believe that financial support for public transportation remains primarily a public responsibility and we recommend that a strong federal role continue in partnership with states, cities, rural areas, and the private sector. We have, therefore, determined the following priorities for new public transportation legislation:

- **Restore and Strengthen the Federal Funding Commitment.** The current level of federal, state, and local spending for public transportation is inadequate even for maintaining existing facilities and services. The funding gap expands with the funds necessary to upgrade the condition of the nation's bus and rail car fleet, to increase those fleets in order to sustain transit's current market share and to support new rail transit systems and high occupancy vehicle or busway projects. The Governors urge that the federal funding commitment be restored and strengthened commensurate with the existing and growing needs. Private sector participation in meeting our public transportation needs should be secured to enhance the limited public resources. It cannot and should not, however, replace public sector funding.

The Honorable Alan Cranston
January 23, 1991
Page two

- **Provide Federal Revenues from Fuel Tax and General Fund.** Because multiple goals are met by public transportation, it is only right that federal funding support is derived not only from the Mass Transit Account of the Highway Trust Fund but the general fund as well. While the current base level of funding for major capital projects should be retained, the Governors also support using a portion of increased spending from the Mass Transit Account under a more broad-based distribution mechanism for a broadened definition of eligible projects to serve a variety of public transportation needs among the states.

- **Increase Flexibility.** Federal public transportation programs must be flexible enough to allow states and local areas to target funds to where they are needed most and provide the greatest benefits. In urban areas, the states are often in the best position to provide leadership in forging effective partnerships among highway and transit interests for comprehensive and practical solutions to problems of congestion. The federal operating role in the largest urbanized areas should be maintained at current levels. The capital investment needs of large urbanized areas are significant and should be funded to allow for increased mobility. In the medium and small urbanized areas as well as rural areas, where capital needs are smaller and local revenues sources to cover operating costs are very limited, states and local transit systems should have broad flexibility to use federal funding assistance for operating costs.

Thank you for this opportunity to express our views. Please feel free to contact me or Charilyn Cowan of the NGA staff if you have any questions.

Sincerely,

Governor Wallace G. Wilkinson
Chairman
Committee on Transportation, Commerce
and Communications

M
metro

Washington Metropolitan Area Transit Authority

600 Fifth Street, N.W., Washington, D.C. 20001
(202) 962-1234

JAN 2 2 1991

The Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

Thank you for your request for my views on the pending reauthorization of the Urban Mass Transit Act. I strongly endorse the positions of the Washington Metropolitan Area Transit Authority, which are expressed in the enclosed letter to you from the Acting General Manager, Mr. William A. Boleyn.

Sincerely,

Peter Benjamin

Peter Benjamin
Director of Planning

Enclosure

cc: Hon. Alfonse D'Amato

metro

Washington Metropolitan Area Transit Authority

600 Fifth Street, N.W., Washington, D.C. 20001
(202) 962-1234

January 22, 1991

The Honorable Alan Cranston
United States Senate
Washington, D.C. 20510

Dear Senator Cranston:

In response to your letter of October 18, I appreciate this opportunity to provide the views of the Washington Metropolitan Area Transit Authority on the pending reauthorization of the Urban Mass Transportation Act. Your efforts to reach out to the transit community in order to achieve a consensus for this legislation are truly appreciated.

The Authority fully supports the positions and proposals of the American Public Transit Association on the reauthorization of the UMT Act. As a successful operator of an extensive fixed guideway transit system, we support levels of funding which will permit other cities in the nation to offer comparable high levels of transit service to their communities. Because of the importance of the existing transit infrastructure to the economic vitality of our larger urban areas, we also strongly urge substantial funding for modernization of existing older rail systems, as well as increasing resources to be devoted to protecting the federal investment in newer rail systems so as to assure that, as they become more mature, the quality of their equipment, facilities, and service is maintained.

Funding demands upon local governments are becoming more intense, while revenue resources are remaining very limited. In order for these localities to plan and allocate their resources effectively, it is exceptionally important that the Federal contribution to local transit systems be as stable, reliable, and predictable as possible. This argues strongly for the vast predominance of the UMTA program to be allocated by formula, with funding coming from an expanded mass transportation portion of the Highway Trust Fund.

In order to build Metrorail, Washington area governments transferred over two billion dollars from Interstate Highway to transit construction. As the basic transit reinvestment needs are met through an expanded UMTA program, the need to have local flexibility in the allocation of additional resources among the transportation modes becomes more important. We therefore support efforts to apportion transportation funds available beyond basic reinvestment needs to urban areas, with local officials deciding the distribution of those funds among highway and transit projects. We do emphasize the importance, however, of both maintaining a basic reinvestment funding level for individual modes and for the flexible funds to be provided to the current designated recipients of Federal highway and transit grants.

Only in recent years have we focused upon the mobility needs of transit dependent persons in our smaller urban and rural areas. As a result of resources being made available under the current UMT Act, there has been a substantial increase in the number and extent of these smaller systems. Often Federal funding makes up a very large part of their operating and capital budgets. We support the continuation of substantial funding for these areas, as well as giving them preference in establishing any caps that may be required for operating assistance.

Since transit systems operate at a deficit, it is difficult for them to set aside any significant portion of their budgets for the exploration of improved technology or innovative operations. Establishing an operator-directed applied research and development program to enhance the efficiency and productivity of transit equipment and services therefore becomes a Federal responsibility. We endorse such a program.

Thank you for requesting that I share with you these suggestions for structuring the UMT Act reauthorization. Metro is in the unique position of having both its own legislation for Metrorail construction as well as being participants in the broader mass transit program, and we are mindful of the fact that we set an example, in the nation's capital, of what transit may be like throughout the country. In living up to our special obligations in this regard, we are particularly appreciative of the support we have received from you, from other members of Congress, and from the whole transit industry. I hope that this expression of our views will be helpful to you as you proceed in the development of transit and highway legislation.

Sincerely,

Wm. A. Boleyn
William A. Boleyn
Acting General Manager

BREVARD County
BOARD OF COUNTY COMMISSIONERS

SPACE COAST AREA TRANSIT, 1125 W. King St., Cocoa, Florida 32922
Telephone: (407) 633-1878, SUN COM 362-3238, FAX (407) 633-1905

December 7, 1990

The Honorable Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Senator D'Amato:

Thank you for soliciting my views as you begin the process of re-authorizing the surface transportation program. It is important that transit, and the federal transit program have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems -- nothing else does so many things so well.

Space Coast Area Transit provides essential mobility for the elderly and handicapped of our community. Transportation is provided for senior nutritional programs, developmentally disabled workshops, and many other programs. We have operated a 100% wheelchair lift-equipped bus fleet since 1974. In addition to providing transportation for the transportation disadvantaged, we have a ridesharing program for commuters. Our vanpool program provides vans for a completely volunteer-operated program. The vanpool program requires no operating assistance from any source as users share all of the operating costs.

I am encouraged by the funding increase Congress provided in the federal transit program for FY1991, especially in light of the severe federal budget constraints. I am also pleased that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

I should add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is

TRUMAN SCARBOROUGH, JR.
District 1

ROGER W. DOBSON
District 2

CAROL SENNE
District 3

SUE SCHMITT
District 4

THAD ALTMAN
District 5

TOM N. JENKINS
County Administrator

ROBERT D. GUTHRIE
County Attorney

R. C. WINSTEAD, JR.
Clerk

no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program.

We have cut our bus fleet from 44 buses in 1985 to 25 buses at present. We have more than tripled local gas tax revenues applied to public transit. We have vigorously supported state operating assistance. The Florida Legislature this past session finally approved permanent operating assistance for transit.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses, (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

We have pending a $1,000,000 Section 3 Capital grant to purchase 50 passenger vans for our vanpooling program. Currently we have a fleet of 77 vans in our vanpool program. The vanpool program requires no federal, state, or local operating assistance. Vanpool users share all of the operating costs. Vanpooling has been one of our innovations to cope with declining federal operating assistance over the past decade.

The industry's proposal for a federal transit program of $11 billion, supported by a seven-cent increase in the federal gasoline tax dedicated to transit, is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and re-investment program, which would equal the FY1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the re-investment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the re-authorization of the transit program can capitalize on the funding increases already provided in FY1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Brevard County has already seen the rejection of a new highway corridor project because of opposition from neighborhood residents. Current highway corridors are now being four- and six-laned, with growing opposition. We have even had a senior citizen chain herself to a 150-year-old oak tree scheduled to be cut down for an intersection improvement. Environmental awareness is just now beginning to be aroused in our community. Alternatives to an exclusively automobile/highway transportation system needs to be made available.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

In re-authorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a re-authorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming re-authorization of the Surface Transportation Act:

1. The federal investment in surface transportation should be substantially increased, and with these increases, parts of the federal program should be substantially re-structured.

2. In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the Urban Mass Transportation Administration charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy share-a-ride services.

3. Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

4. Establish a stronger multi-modal approach in planning, funding, and decision making.

5. Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of the other national goals, provide justification for increased support from all sources.

6. Increase reliance on a predictable formula funding using factors better reflecting transit's needs.

7. Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy shared-ride services.

8. An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with re-authorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

9. The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and vanpools, and other federal laws which act as dis-incentives to transit use.

10. Federal transportation policies and programs should require closer integration of transportation investments and land-use decisions, in order to provide an environment that in conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

11. Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

12. Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

13. Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming re-authorization bill. This re-authorization will set the outlines for the future of the federal transit program. It is the first re-authorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the re-authorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

Perry J. Maull

Perry J. Maull
Transit Director

PJM:jki

cc: Senator Graham
Senator Mack

FLORIDA DEPARTMENT OF TRANSPORTATION
BOB MARTINEZ
GOVERNOR
605 Suwannee Street, Tallahassee, Florida 32399-0450
BEN G. WATTS
SECRETARY
(904) 488-6721

November 27, 1990

The Honorable Alan Cranston
Chairman
Subcommittee on Housing and Urban Affairs
United States Senate
535 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Senator Cranston:

In response to the November 6 letter from you and Senator D'Amato, the Florida Department of Transportation (FDOT) is pleased to share our views regarding the reauthorization of the Urban Mass Transportation Act. The 102nd Congress has a unique opportunity and challenge to provide a new direction for surface transportation programs that will guide the nation into the 21st Century. We in Florida welcome the opportunity to participate in the national debate.

Florida faces a transportation challenge greater than that of most states. Six of the top 10 growth areas in the nation are in Florida. Automobile registration has increased 52 percent in the past decade, and for every 10 residents Florida now has 12 automobiles. Transit will play an increasingly important role in meeting the mobility needs of our citizens. State and local governments have substantially increased their commitments to transit at a time when federal resources have declined. A significant federal role must accompany those state and local resources and Florida's return on its federal transportation investment must improve as part of the reauthorization process.

The attached paper provides FDOT's specific recommendations regarding federal transit programs. Additional details can be provided as your Committee may need.

Sincerely,

Ben Watts

Ben G. Watts, P.E.
Secretary

BGW/dl

cc: The Honorable Bob Graham
The Honorable Connie Mack

RECOMMENDATIONS FOR REAUTHORIZATION OF THE URBAN MASS TRANSPORTATION ACT FROM THE STATE OF FLORIDA

- Reauthorization legislation should be oriented toward transportation issues such as mobility, congestion, access, intermodal linkages and growth management rather than restrictive modal, categorical programs.

- Transportation planning must address the above issues in the context of total transportation needs and resources. The U.S. DOT policy to enhance long-range multimodal strategic planning should be implemented through increased interaction between the modal administrations.

- Predictable transit funding is essential if transit is to play a significant role in meeting the transportation needs of this country.

- The growing balance in the Mass Transit Account should be reduced by increasing the level of federal transportation funding provided for transit over a period of years.

- The General Fund should continue to be used to support identified transit needs since the Mass Transit Account is insufficient to meet those needs.

- The basic transit program should remain unchanged. However, additional funding derived from the Mass Transit Account should be distributed to state and local governments by a new formula providing maximum flexibility to address transportation issues through the public transportation mode which best meets a community's needs.

- A Designated Transit Corridor concept should be adopted to support the orderly development of those corridors which could support fixed guideway transit as growth and mobility needs increase. Maximum flexibility is needed to combine highway and transit resources in providing the most appropriate development of the corridor.

- With the enactment of the Americans with Disabilities Act of 1990 (ADA), consideration should be given to the conversion of the UMTA Elderly and Handicapped program (Section 16(b)(2)) into a financial support mechanism for the ADA.

- Attention should be given to the development of technical standards governing the use of securement devices for mobility aids. It will be nearly impossible to accommodate mobility aids without such standards.
- UMTA Research, Development, and Demonstration programs should be consolidated (i.e. Sections 4(i) and 6).
- UMTA training programs (Section 10) should be directed at all levels of transit management and services.
- Transit users should be afforded the same level of tax exempt fringe benefit status as automobile users receive through employer subsidized parking.

JACKSONVILLE TRANSPORTATION AUTHORITY
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EARL B. HADLOW
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ISAIAH RUMLIN
Secretary
ERNEST N. BRODSKY
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R. G. GREENE
BRYAN SIMPSON, JR.
•
MILES N. FRANCIS, JR.
Executive Director

December 7, 1990

Senator Alfonse D'Amato
520 Hart Senate Office Building
Washington, D.C. 20510-6075

Dear Senator D'Amato:

We would like to request your support regarding the reauthorization of the Section 3 Discretionary Program. This program has enabled mass transit to take a more prominent role in intracity transportation of our citizens in a number of cities throughout the country. Funding, provided by Section 3, has afforded convenient, pollution-free, operationally cost effective transportation in the form of people mover systems.

However, in some cases, such as Jacksonville, the system is only partially finished. This Discretionary Program is critical to the increasingly important role mass transportation is playing. I think we would all agree that the current mid-east crisis reveals, once again, our dependency on a product that we can not control. Unless we do everything in our power to increase the utilization of public transportation, we will be continuously bound by actions that are not in our best interest.

Our city, Jacksonville, Florida, is a typical example of the need of a complete mass transit system. Because of a river bisecting the downtown district, we are heavily dependent on mass transportation. As you can imagine, this beautiful river causes a transportation nightmare. To overcome this undesirable situation, we have designed and partially built an elevated, automated people mover system that will operate throughtout the central business district. We are completely dependent upon the Section 3 Discretionary Program to help fund this project.

Even though we are currently operating the first segment of this system, the key segment is the crossing of the St. Johns River connecting, through mass transportation, the two sides with a (non-polluting) people mover system that provides two-minute headways, and because it is elevated, is not affected by traffic congestion below. It is our fervent belief that if we are to succeed with reducing our dependency on oil, thereby reducing the primary contributing factor to pollution, we have to provide a convenient, accessible mass transit system.

PUTTING YOUR FUTURE IN MOTION

The people mover project in Jacksonville will be the heart of our future mass transit system. If the Discretionary Program is not reauthorized, the future of the mass transit system in Jacksonville will be in disarray. We, therefore, strongly request that you and your colleagues continue to support this program by approving the reauthorization bill.

We want to thank you for your past support signifying your recognition of the importance of mass transportation for our country.

Sincerely yours,

Miles N. Francis, Jr.
Executive Director

MNF/pal

Enclosure

Office of the General Manager

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25th
1965 1990

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November 28, 1990

The Honorable Alan Cranston, Chairman
Subcommittee on Housing and Urban Affairs
Room 535, Senate Dirkson Office Building
United States Senate
Washington, D.C. 20510

The Honorable Alfonse D'Amato
Subcommittee on Housing and Urban Affairs
Room 535, Senate Dirkson Office Building
United States Senate
Washington, D.C. 20510

Dear Chairman Cranston and Senator D'Amato:

I appreciate your offering the Metropolitan Atlanta Rapid Transit Authority (MARTA) the opportunity to submit recommendations to the Subcommittee concerning legislative changes that may be appropriate as you consider the reauthorization of the Urban Mass Transportation Act.

The reauthorization process presents many challenges both for the transit industry and the Congress. I have attached copies of our recommendations for your consideration. Please let me know if there is any other assistance that we may offer you as we move to meet these challenges.

Sincerely,

Kenneth M. Gregor

Kenneth M. Gregor

Attachment
KMG/

Metropolitan Atlanta Rapid Transit Authority
A Standard Of Excellence

TESTIMONY

provided to the

SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

of the

SENATE COMMITTEE ON BANKING, HOUSING AND URBAN AFFAIRS

by the

METROPOLITAN ATLANTA RAPID TRANSIT AUTHORITY
2424 Piedmont Road, N. E.
Atlanta, Georgia 30324-3324

regarding

URBAN MASS TRANSPORTATION ACT REAUTHORIZATION

November, 1990

The Metropolitan Atlanta Rapid Transit Authority (MARTA) appreciates the opportunity to comment on the proposed reauthorization bill for federal mass transit funding. We believe that the industry has been served well under the Federal Mass Transportation Act (FMTA) of 1987 that currently defines the federal - local partnership and we would like to see that positive relationship continue.

In no small measure, the federal support that has been offered to MARTA has been a boon to the economic development of the Atlanta region and the State of Georgia. Our public transportation system has been instrumental in attracting to Atlanta the 1988 Democratic Convention, the 1994 Superbowl and now the 1996 Olympic Games. We gladly share our success with you and urge a continuation of this successful partnership.

HISTORY AND OVERVIEW OF THE SYSTEM

MARTA's entire history has been defined within the context of this federal - local partnership. From the very beginning, local commitment when combined with federal support has been the impetus for success.

Recognizing the importance of mass transit to the economic and social well being of their community, voters in the City of Atlanta, Fulton County and DeKalb County approved a comprehensive public transportation plan in 1971. As subsequently amended, the 1971 transportation plan calls for 60 miles of heavy rail lines, 45 stations and 33,000 parking spaces. The proposed network includes two main trunk lines that intersect in the Atlanta Central Business District (Five Points), four rail branches, one feeder rail line, and one busway (See Attachment #1).

Since 1971 MARTA has made numerous capital and service improvements involving the Bus System: new equipment, new maintenance and operating garages, passenger shelters, new bus routes, improved headways, extended operating hours, improved schedule information, etc. In addition, MARTA has been aggressively implementing the rapid rail transit plan.

The present operating system includes 1,500 route miles of bus service, 32 miles of rapid rail lines and 29 passenger stations. Average weekday ridership equals approximately 495,000 trips. Annually, MARTA provides 45.5 million vehicle miles of bus and rail service to the citizens of the Atlanta region. One hundred and fifty million passengers board the combined system annually and ridership increased by 3.5% during FY1990.

MARTA has been building the rail system in phases, giving priority to those phases which are given priority for reasons of construction staging or operating efficiencies. MARTA has in service 32 miles of track, 29 stations and 17,000 parking spaces. All of Phases A and B (see Attachment #1) are in service as well as all of Phase C except the extension from Chamblee to Doraville.

MARTA has under development at the present time twelve miles of track and six stations. This includes the last part of Phase C--two miles of track and the Doraville Station. This portion is 40% complete and is scheduled to open in December 1992.

The remainder of the MARTA System that is currently under development is Phase D which consists of ten miles of track and five stations. It includes three lines: 1) extension of the East Line from Avondale through Kensington to Indian Creek--three miles of track and two stations; 2) construction of a branch feeder line in the Proctor Creek Corridor--one mile of track and one station; and 3) the North Line from Lindbergh Station to the Medical Center--six miles of track and two stations. All of Phase D is under development--detail design, land acquisition as well as construction. Revenue service to Bankhead is scheduled to begin in mid-1992; to Kensington and Indian Creek in mid-1993; and to Buckhead and the Medical Center in mid-1995.

The total current estimated cost of Phase D is $449.9 million, of which the Urban Mass Transportation Administration (UMTA) is providing $135 million or 34%. All federal funds are being applied to the East Line extension from Avondale to Indian Creek. The feeder line in the Proctor Creek corridor and the North Line to Medical Center are being built with local funds.

When Phase D is completed in the mid-90's, MARTA's rail operating system will consist of 44 miles of track and 35 stations. UMTA is providing $1.5 billion or 53% of the $2.9 billion cost. The local share is $1.4 billion or 47% of the cost.

REAUTHORIZATION CONCERNS

As the above history attests, MARTA has greatly benefited from the Federal - State partnership that has been defined by congressional authorization. A level playing field was established through the Surface Transportation Assistance Act of 1982 (STAA) which clearly defined the federal government's role in the area of public transit.

The STAA did two things to establish a level playing field: 1) provided that one cent of the federal motor fuel tax be dedicated to transit and thereby ended the vastly unequal competition for funds between transit and the highway interests; and 2) established that Section 3 discretionary funds be apportioned on the 40-40-10-10 percentage basis. Forty percent going to meet the needs of the eight older cities for rail modernization, 40% to the 12 - 15 new start cities for capital construction, 10% to the bus systems for major bus improvements, and 10% for discretionary allocation to the other three categories.

This level playing field has worked well for MARTA and the Atlanta region's transit needs. While some minor adjustments in the impending reauthorization may prove necessary, major changes should be made sparingly. In considering these changes, MARTA has some further specific concerns that we would like to share with the Committee.

First, we support the continuation of the distribution concept (the 40-40-10-10 arrangement) among Rail Modernization, New Starts and Extensions, Bus and Bus Related Facilities and a "swing" category available to the other three categories.

MARTA supports the continuation of full funding contracts in the present reauthorization. It permits transit systems to have some assurances that projects begun in good faith will have the opportunity for timely completion over a span of years and appropriations processes. Full funding contracts have permitted systems using the mechanism to do better long-range planning and programming, allowing them to set up local matching resources on a scheduled basis.

There are those who would significantly alter the way federal funds are made available to local public transit systems, chiefly by providing that some state, local or regional agency be given the power to determine what projects (road or transit) may be built, and to determine the funding levels for such projects. This is generally referred to as flexible funding and MARTA has some concerns with the flexible funding concept. MARTA supports the current methodology for distributing federal capital grants. Our comment in this regard recalls the reasons for separating the mass transit account in the Highway Trust Fund from those funds available for roads and bridges; i.e., as a practical matter,in any dispute between highways and transit, highways would always prevail simply because of numbers, advocates and experience. The playing field between the two modes in any contest for funding from the same source is simply not level. We would strongly urge that the funding sources be kept separate for each mode. Competition is keen enough among rail, bus and rehabilitation without a return to the struggle of transit and highways seeking to raid each others share of the trust fund.

It is also recommended that the Committee consider retaining the concept of designated recipient. The designated recipient procedure has served the urbanized areas extremely well by reducing the bureaucratic maze through which government grants must go. We urge this so that systems with approved projects can receive funding directly without layers of unnecessary administrative procedures causing funding delays.

Also, we need to express our concern over the imposition of federal mandates on public transit without a corresponding federal commitment to help meet those increased costs that will have to be borne by our public ridership. **We will need assistance within the new reauthorization to meet the increased costs mandated by the Americans with Disabilities Act (ADA) and the Clean Air Act.** MARTA applauds the sentiments and goals behind the passage of the ADA and the Clean Air Act. We offer a long history of commitment to our elderly and handicapped population and we promote the environment. However, without additional federal assistance, the cost of these programs will most likely be passed to the fare box and result in decreased ridership - a counterproductive effect.

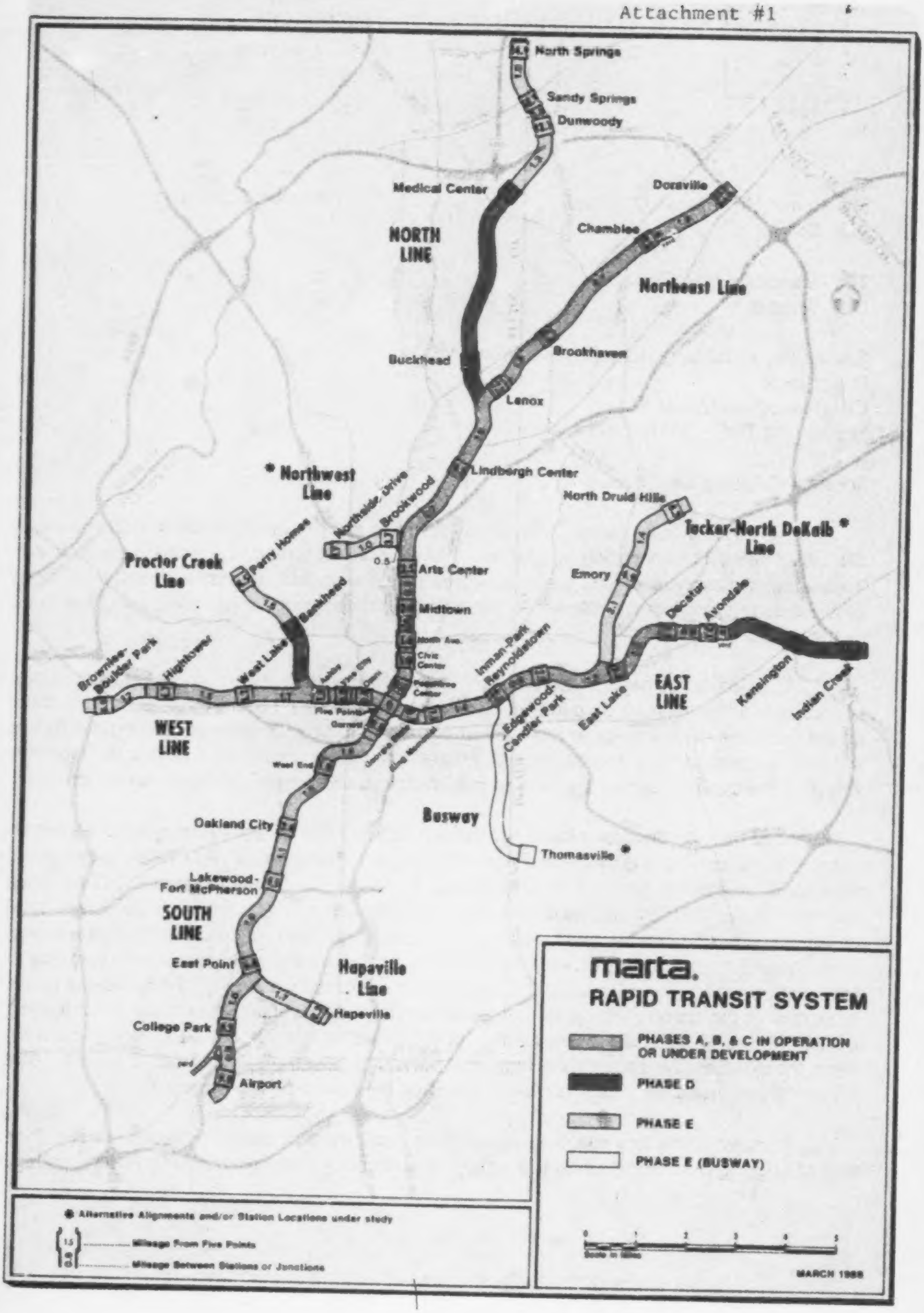
Finally, our thoughts on both funding levels and mechanisms reflect our experience with STAA over the years. We urge the Committee to **retain federal operating assistance** for all transit systems of all sizes. We applaud actions taken in recent years to resist the elimination of such assistance. We think the Committee might **reconsider the cap placed on operating assistance** in the STAA which limited operating assistance to 80% of 1982 levels.

As to obligation ceilings for the **Mass** Transit Account of the Highway Trust Fund, **we urge that the obligation ceilings reflect**

realistic expectations from the motor fuel tax over the life of the reauthorization. As to the substantial surplus in the account which was accumulated above the authorized ceilings, we suggest a graduated spend-down of surpluses in the Mass Transit Account over the life of the reauthorization legislation in order to remedy damage done to both the infrastructure and operations of the transit industry over recent years of declining federal funding.

We want to thank the Committee for the opportunity to submit our concerns and thoughts on the reauthorization for your consideration. We look forward to additional conversations in this area as the reauthorization procedure moves forward. This is a time of great challenge and great opportunity for public transit and a positive working partnership will continue to benefit all of our citizens.

Attachment #1


North Springs
Sandy Springs
Dunwoody
Medical Center
NORTH LINE
Doraville
Chamblee
Northeast Line
Brookhaven
Buckhead
Lenox
Lindbergh Center
* Northwest Line
Northside Drive
Brookwood
North Druid Hills
Tucker-North DeKalb * Line
Proctor Creek Line
Perry Homes
0.5
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Arts Center
Midtown
North Ave.
Civic Center
Peachtree Center
Emory
Bankhead
1.5
Decatur
Avondale
Inman Park-Reynoldstown
Brownlee-Boulder Park
Hightower
West Lake
Ashby
Vine City
Omni
Five Points
Garnett
Georgia State
King Memorial
Edgewood-Candler Park
East Lake
EAST LINE
Kensington
Indian Creek
WEST LINE
West End
Busway
Oakland City
Thomasville *
Lakewood-Fort McPherson
SOUTH LINE
East Point
Hapeville Line
1.7
Hapeville
College Park
Airport
marta.
RAPID TRANSIT SYSTEM
PHASES A, B, & C IN OPERATION OR UNDER DEVELOPMENT
PHASE D
PHASE E
PHASE E (BUSWAY)
* Alternative Alignments and/or Station Locations under study
1.5 Mileage From Five Points
Mileage Between Stations or Junctions
0 1 2 3 4 5
Scale in Miles
MARCH 1988

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The Honorable Alfonse D'Amato
U.S. Senator

December 7, 1990

The Honorable Alan Cranston
U.S. Senator

Committee on Banking, Housing and Urban Affairs
U.S. Senate
Congress of the United States
Washington D.C. 20510-6075

Senators Cranston and D'Amato:

You asked in your recent letter for my thoughts and comments on the reauthorization of the Urban Mass Transportation legislation. I have enclosed a paper I wrote for the Office of Technology Assessment several years ago which focussed on this same issue. I still think many of the ideas in this paper are relevant to the important transit policy issue facing Congress in the coming year.

As noted in this paper, I feel strongly that Federal participation in local transit programs is necessary and should be encouraged. However, I feel that a Federal program should focus on the provision of incentives to local transit properties to provide more efficient and effective service. In particular, a special Federal program should be established to provide incentive grants to those transit agencies willing to risk change in their organization or service structure.

In addition to the above thoughts, I would like to offer the following specific comments relating to the current legislation and possible changes. Georgia Tech has recently completed a university research project for the Urban Mass Transportation Administration (UMTA) which examined the so-called Overmatch Initiative. This Initiative is an attempt to encourage local transit properties to provide more than the locally required share of funds for a transit project in exchange for greater consideration from UMTA for their project and expeditious handling of project paperwork. In undertaking this project, we conducted a survey of the 60 largest transit properties in the country asking several questions about this Initiative and about other funding issues. We received a significant number of responses to this survey, all of which provided some thoughts on the appropriate role of the Federal government in funding transit. The following comments are based to a large extent on the results of this project.

It seems to me that encouraging a greater local share of transit project costs is a good way of assuring local commitment to a project, and certainly a way of stretching Federal dollars.

Apparently, the genesis for this Overmatch idea surfaced in the 1982 Conference Committee Report, mainly as a means of gaining local commitment to a project. There is some literature in the public policy and economics field that suggests that having no set minimum level on Federal funding provides a nationally more efficient allocation of resources. From our research, we would tend to agree with this statement. However, this overlooks the equity issues surrounding a local area's ability to pay. There was a strong feeling from our survey respondents that the Overmatch Initiative was clearly inequitable. As some put it, "the rich get richer." If there is a strong national interest in funding a transit capital program (and I think there is), I would argue that to achieve these efficiency goals while still providing some equity in the allocation of funds suggests the following approach. Lower the Federal capital match to 50 percent (which is more in line with Federal Highway urban systems types of projects anyway) and provide additional Federal funds for those communities in special need of additional assistance. This "need" determination could be based on some measure of fiscal ability to pay or economic condition of the metropolitan area. In this way, instead of providing additional consideration to those who can afford it, those not as well off receive the assistance.

There is always the question of what to do about operating assistance. Some have suggested eliminating Federal operating assistance. I believe the latest suggestion is to eliminate operating assistance, but to redefine capital assistance as everything except fuel, materials, and other supplies. Although Federal operating assistance does not provide the majority of operating funds in most transit agencies, it does offer a significant contribution. More importantly, it provides some stability in the operating funding base that local transit agencies need. I do not favor eliminating the Federal contribution to operating assistance.

Finally, and somewhat parochially, I would like to support what I believe will be an Administration proposal to fund three additional University Transportation Centers in the country. The current U.S. DOT University Transportation Center program is not providing the national leadership in transit research that is needed for an industry of this importance. A great deal of work needs to be done. Additional Centers, under the auspices of UMTA, would be an important step in this direction.

I appreciate your giving me this opportunity to comment on possible directions for future national transit policy.

Sincerely,

Michael Meyer

Dr. Michael D. Meyer
Associate Professor
School of Civil Engineering
Georgia Institute of Technology

A FEDERAL TRANSIT PROGRAM: BUILDING A BRIDGE TO THE YEAR 2000

by

Dr. Michael D. Meyer

"Let me tell you a story 'bout a man named Charlie
on a tragic and fateful day,
He put ten cents in his pocket, kissed his wife and
his family and he went to ride the MTA.

But did he ever return?
No, he never returned.
And his fate is still unlearned.
He may ride forever 'neath the streets of Boston
He's the man who never returned.

•
•
•

All you citizens of Boston don't you think it's a scandal
how the people have to pay and pay.
Fight the fare increase
vote for ________
And get Charlie off the MTA"

INTRODUCTION

Even in lyric, public transportation has been the object of controversy and skepticism. The Kingston Trio, in the tale of Charlie's fateful trip on Boston's MTA, describes transit service as inefficient, insensitive, and expensive. According to many of today's transportation experts, not much has changed in the 20 years since Charlie first stepped on that train. Their arguments are, primarily, that more and more Americans are using the automobile while fewer are using transit; that transit management has not responded adequately to changing economic, technological, and fiscal realities due to rigid organization structures and a lack of strategic perspective; that the "private sector" could provide better transportation services for less; and that political considerations have kept transit fares artificially low while costs have skyrocketed. Many of these arguments are valid, but as is the case in most public policy debates, the conclusions that result are heavily affected by factual interpretation and political philosophy. This paper examines these arguments and offers an interpretation, leading to a discussion of possible strategic directions for public transportation policy. Hopefully, Charlie can be rescued from his never-ending ride on the MTA.

At the outset, the reader should be aware of two important decisions made in writing this paper. First, the discussion focuses on urban public transportation because of the dominant role it plays in the national public transportation program. For example, 86 percent of transit ridership occurs in the 21 urbanized areas with 50 percent of the U. S. population. Many innovative and important public transportation programs exist for rural areas, but their contribution to the overall impact of the Federal public transportation program is minor. Second, the discussion goes beyond the current debate on cutbacks of the Federal transit subsidy program to the broader question of an appropriate Federal role in public transportation.

Much of the ongoing discussion of changing national transit policy is dominated by predictions of what is likely to happen as a consequence of Federal transit cutbacks. At one end of the spectrum, those in favor of program cutbacks see state and local governments and the "private sector" filling the gap created by Federal withdrawal from urban transit funding while those opposed to cutbacks see urban areas grinding to halt, choked by highway congestion. The entire policy debate seems to be encased in an "either-or" framework. Little or no thought has been given to longer-term consequences (i.e., what will happen in the year 2000 given the decisions made today) or, for that matter, to the likelihood that some reassessment of the transit program might occur anyway (with or without the proposed cutbacks) simply because of socio-economic and political trends that will sooner or later force the issue onto national, state, and local agenda.

The current debate should thus be viewed as an opportunity to bring about constructive changes to the national transit program that will promote the development of a stable and productive transit industry in the year 2000. This perspective is developed further in the following pages.

THE CHANGING TRANSIT ENVIRONMENT

Although conventional wisdom places transit's initial decline with the introduction of the automobile to the mass market, the transit industry was in trouble much earlier. [Saltzman and Soloman,1972; and Jones,1985] The industry's inability to attract investment capital, coupled with constraints in terms of service patterns, fare structures, and work rules resulting from public utility regulation, created an industry structure that, by the 1930s, was unable to react to the changing demographic and land use patterns of urban America. This inability to change, along with the strong political influence of transit constituencies such as labor unions and downtown business groups, helped maintain a transit service structure and managerial philosophy that was more attuned to the transit environment of the 1920s. Even as inflationary pressures and changing transportation desires of the average American suggested that new service approaches might be necessary, most transit agencies continued to offer the traditional bus and rail services to and from the downtown area at fares well below average costs.

By the 1960s, the transit industry was at a point where only a substantial influx of capital could save essential urban transit services. Such assistance was provided by the capital and operating subsidy programs that came into existence during the following decade. The growth in governmental support for the transit program was rapid. Between 1973 and 1978, for example, support from all governmental sources grew from $540 million to $5.2 billion. [Fielding, 1985] By 1978, government subsidies had replaced passenger fares as transit's major source of operating revenue. And by the same year, the Federal percentage of operating and capital subsidy had surpassed that of all other levels of government combined. It is surprising that such growth occured in a program whose direct beneficiaries were small in number. Part of the success in securing this funding support can be attributed to the active role of transit labor in lobbying for these programs. [Smerk, 1974] Another part of the explanantion, according to Altshuler [1979], is that transit proved to be a "policy for all perspectives" on the urban problem:

> "Whether one's concern was the economic vitality of cities, protecting the environment, stopping highways, energy conservation, assisting the elderly and handicapped and poor, or simply getting other people off the road so as to be able to drive faster, transit was a policy that could be embraced."

Originally designed to maintain adequate transit services in urban areas, one of the important side effects of governmental subsidies was that they enabled local transit agencies to continue traditional types of service under existing labor agreements. There was little or no incentive to reappraise transit's role in an urban area or to assess alternative strategies for meeting transportation needs. It is not surprising, then, that transit general managers, when faced with possible cutbacks in Federal operating assistance, responded in the following manner (in order of preference) -- 1) increase fares, 2) cut back services, 3) reduce costs, 4) seek alternative public funds, and 5) improve organizational efficiency. [Hemily and Meyer, 1982] The general approach has been to maintain the integrity of existing organizational and service patterns, while reducing the scale of operations in the least harmful fashion.

The problem with this approach (and with focussing the current policy debate only on subsidy cutbacks) is that there are several trends which, even with continuing subsidy, could force a reassessment of the role of public transportation and the level of governmental commitment. At least two of these trends are deeply rooted in the economic and social systems of this country and are thus not likely to change dramatically over the next ten years.

The first trend, and one that is beyond the control of transportation officials, is the changing demographic structure of urban America. As examples, between 1970 and 1980, close to 45 percent of the growth in households consisted of new single-person households. The number of persons over age 65 who lived alone grew 60 percent faster than the rate of growth of all households. The number of female workers entering the labor force grew at almost twice the rate of male workers. And perhaps the most important characteristic, the current 30.6 median age is expected to increase to 36.3 years by the year 2000. The importance of these demographic characteristics is that they greatly influence trip-making behavior of urban residents. Many of these changing characteristics, when combined with others relating to rising average income, increasing numbers of people having a drivers license, and decreasing birth rates, present a vastly different picture of the urban transit market from that which existed 20 years ago. For example, more than 90 percent of today's households have a car available, over 50 percent have at least two cars, and 84 percent of the driving age population has a license. Taken in the aggregate, these trends suggest that by the year 2000 transit agencies will face a substantially different ridership market which will be even more difficult to attract.

A second trend that is likely to continue into the next century is the dramatic economic growth in suburban areas. Much of this suburban growth has been sparked by high-tech industry and light manufacturing that has been attracted by a high level of highway accessibility, cheap land, and an educated labor force. From a transportation perspective, a dramatic indication of this growth is a forecast that, from the mid-1970s to 1990, the total number of vehicle miles traveled in the suburbs will increase by 40 percent, while central cities will experience a less than five percent increase. [SG Assocs. and the Urban Institute,1980] For the first time, a greater percentage of daily travel in many cities is already between suburban origins and destinations rather than between the suburbs and the central city.

While the suburbs have been expanding, many central cities have also grown and undergone a transition in the role they play in the regional economy. Most central cities are no longer centers of heavy industry and manufacturing, although they have maintained (and, in some cases, expanded) their roles as financial, cultural, governmental, and educational service centers. Thus, while the statistics indicate a greater relative population growth in the suburbs of Boston, Philadelphia, Atlanta, Austin, New York, San Francisco, Denver, and Dallas, a visit to these central cities will also show that considerable downtown development has occured over the past ten years.

Understanding the relationship between transit and these changes in urban spatial structure and the economic role of central cities is one of the fundamental challenges facing transit agencies over the next decade. Continuing growth in the suburbs, without appropriate innovative measures by local agencies to provide some useful transportation (not necessarily transit) service, will steadily isolate these agencies both politically and financially. On the other hand, the transition in downtown areas to a service-based economy is a potential bright spot in the future of today's transit agency. Service-oriented businesses generally require large numbers of professional staff and related support personnel. At the same time, limited parking and congested road access to downtown areas discourage automobile traffic. Between the two, transit agencies should be able to package a set of service options to attract the downtown market.

Some of the more successful transit agencies have recognized the important variations in transit markets and the types of services needed in these markets. Fixed-route and fixed-schedule transit makes sense in the densely populated urban centers. However, the more appropriate services in suburban areas could include vanpools, carpools, subscription buses, and private transit.

These first two trends directly affect the ridership demand for public transportation. That is, they reflect the characteristics of public transportation riders and of the surrounding urban area structure that encourage or discourage the use of public transportation. However, these trends are generally outside the control of transportation officials (although some argue that transportation investment can dictate development patterns). A third trend, and one that can be strongly influenced by public policy, is the increasing gap between revenues and the costs of providing transit service. Studies of public transportation that have examined the operating history of transit agencies have concluded that rising labor costs, increasing fuel prices, declining ridership, artificially low fare structures, and politically motivated service expansion in areas not warranting service, all contribute to a steadily increasing deficit. (See, for example, Meyer and Gomes-Ibanez [1981] and Transportation Research Board [1983].) The trends in operating costs and subsidies clearly reveal an industry that has become heavily dependent on government support. In 1965, public subsidy accounted for about 7.5 percent of the cost per transit ride; by 1980 it accounted for 63 percent of the cost. [APTA, 1981]

It is important to note that this increasing subsidy seemed to reverse the decline in transit ridership. (National ridership, which was 7 billion passengers in 1975, reached 8.2 percent by 1980.) However, with the demographic and development trends discussed earlier and without dramatic changes in transit operations, the deficits will only continue to increase. Such a trend will not provide a stable base for the transit industry by the year 2000.

One more trend merits attention, not because of its direct impact on urban public transportation, but because of its impact on society as a whole and thus its indirect effect on transportation. John Naisbitt [1982], in his book Megatrends, argues that we are shifting from an industrial society to an information society. In this information society, innovations in telecommunications and computer technology could dramatically change the way we go about our business. With specific regard to transportation, information-management capability based on remote terminals connected by telephone lines could allow workers to stay at home rather than travel to a work location. The potential magnitude of this impact, however, is hard to measure. In the survey of the literature, the National Transportation Policy Study Commission found that 16 percent was the most optimistic estimate of vehicle miles of travel that might be replaced by telecommunication technology. [National Transportation Policy Study Commission, 1978.] This estimate was for all types of trip by all modes. Because so few studies have been done on this "substitution" effect, conclusions on its likely effects on public transportation can only be speculative. In general, however, it is unlikely that changes in telecommunication technology will significantly change travel patterns in the next 15 years.

Some have argued that these four trends make public transportation outmoded and too costly and that, at the very least, government subsidy is not warranted. Collectively, these trends paint a rather dismal picture of the future of public transportation unless dramatic changes occur in the structure and managerial philosophy of providing transit service. Before examining the role that the Federal Government could play in bringing about these changes, it is important first to ask why public transportation even deserves the attention of Federal policymakers.

PUBLIC TRANSPORTATION'S ROLE IN URBAN AMERICA

In a recent speech before the House Appropriations Committee, UMTA Administrator Ralph Stanley outlined the Administration's policy toward public transportation as follows [Stanley, 1985]:

> "We are proposing long-term, fundamental changes, in order that the Federal Government be able to focus its limited resources on areas that are national in nature, and return responsibility for local matters back to State and local governments where the services are received and where the responsibility belongs."

This is quite different from previous Federal public transportation policy which has justified Government participation on several grounds--some more valid than others. Over the years, this justification has been cited in the form of several objectives:

1. Public transportation can replace the need for massive urban freeway construction and thus eliminate community disruption.
2. Public transportation can meet national and local goals of improving air quality and reducing energy consumption by lessening automobile use.
3. Public transportation (especially fixed rail) is an important tool for guiding urban growth by encouraging development in areas of greater accessibility.
4. Public transportation provides mobility for those who do not have alternative means of travel, e.g., the elderly, handicapped, young, and poor.
5. Public transportation serves local economies by providing transportation to employees and customers of downtown businesses.

Each of these reasons for Federal support has been at the forefront of policy debate at some point during the evolution of Federal transportation policy. For example, public transportation as a substitute for the automobile was a dominant theme during the late 1960s when the construction of many urban highways was stopped because of community concern about neighborhood disruption and the quality of the urban environment. Public transportation as a means of achieving environmental goals was popular in the 1970s when the environmental movement was most active. Public transportation to serve the goals of economic development and equity became popular during the late 1970s when the Carter Administration launched its national urban policy.

The problem with goals such as these is that each was tied to an underlying assumption about an impact of public transportation which was seldom realized or, more importantly, which required complementary government action to constrain automobile use or to control land development. Not surprisingly, local governments were often unwilling to adopt these complementary policies (e.g., tolls, auto use restrictions, special assessment taxes, and stronger zoning) because of perceived adverse political impact. Further it was generally assumed that many of these objectives could only be achieved by public-sector investment, overlooking the role that other groups (e.g., private transportation companies and developers) could play. The prevailing view of most government officials was that public transportation was a national concern. Should it still be a national concern today? And if so, what form of Federal Government involvement would be most effective?

The first question is best answered by looking at the importance of urban areas to the national economy and the concomitant importance of public transportation to urban areas. Few would argue the importance of urban areas to the Nation. Almost 70 percent of the U.S. population lives in metropolitan areas. By far the majority of economic activity and creation of capital in the Nation occurs in cities. Urban areas are major transportation terminals for trade, provide the necessary infrastructure to support international, national, and regional service activities (such as finance), and serve as cultural and historical centers of national significance. There is no question that it is in the national interest to have prosperous and viable cities.

The importance of public transportation to urban areas is more difficult to assess. Critics of public transportation are fond of pointing to the insignificant percentage of national travel that takes place on transit (only three percent of total passenger miles and 6.4 percent of all work trips in 1980). The aggregate numbers are misleading, however, because the share carried by transit in large metropolitan areas is dramatically higher. Table 1 shows the transit share of work trips to selected central cities in the United States. A substantial number,

TABLE 1
TRANSIT SHARE OF CBD BOUND WORK TRIPS

AREA	1970	1980
Boston	60.6%	58.5%
Washington, D.C.	36.5	42.6
Chicago	74.9	74.1
St. Louis	29.7	26.7
Dallas-Fort Worth	19.9	19.2
Houston	12.9	15.0
San Francisco-Oakland	47.9	52.4
Los Angeles-Long Beach	21.4	23.8
Anaheim-Santa Ana-Garden Grove	1.1	3.4
San Diego	8.7	13.7

Source: Urban Mass Transportation Administration, The Status of the Nation's Local Public Transportation: Conditions and Performance, Report of the Secretary of Transportation to the United States Congress, Sept. 1984.

in some cases a majority, of work trips to the central city are made by transit in large metropolitan areas. Given the limited parking and road capacity in central cities, any dramatic decrease in transit availability could have a significant detrimental effect on the health of downtown areas.

Another aspect of public transportation in urban areas is the contribution to the quality of life enjoyed by urban residents. Some would argue from a perception of poor safety and service quality that public transportation does not add to the quality of urban life. However, such an argument ignores important benefits derived by some segments of society who are unable to drive or afford the cost of automobile travel. In a recent sample of transit properties, the UMTA staff determined that approximately 40 percent of the transit trips made on the sampled systems were made by persons with incomes less that $10,000, while another 31 percent were by those in the $10,000 to $20,000 income range. [UMTA, 1984] Another survey by the American Public Transportation Association showed that 16 percent of the transit riders were over 65 years old, 60 percent were female, and 40 percent were minority.

Over the past decade, there have been many disagreements on who actually benefits from public transportation, with the most quoted studies showing that the newer transit systems mainly served middle-class riders. Space does not permit a lengthy discussion of this issue. The important point, with respect to quality of life, is that public transportation, in various forms, provides mobility to those having no other choice.

To summarize, public transportation is a national concern because it contributes to the economic health of urban areas and to the quality of urban life. This is not to say that Federal subsidies are indispensible or that existing organizational responsibilities should be maintained. Rather, the argument is simply that some form of public transportation is essential to the future economic and social well-being of many urban areas and thus warrants Federal attention.

THE FEDERAL AID TRANSIT PROGRAM: A BRIDGE TO THE YEAR 2000

The Federal transit program has provided funds for local transit agencies to maintain and expand their systems. Since 1964, the Federal Government has spent $43 billion on transit, paying for over 56,000 buses and 6,300 rail cars, and supporting the construction of 290 miles of new lines and 65 miles of extensions on existing rail transit systems. In one sense, the program has been too successful. Studies have shown that the availability of Federal 80-20 funds has had a significant influence on local investment decisions. [Zwerling,1974; Hamer, 1976; Merewitz,1979] Not only has the program encouraged the acquisition of new vehicles over the maintenance of existing vehicles, but the overall thrust of the Federal capital program has been to focus resources on high-technology, politically visible fixed rail systems. There is also substantial evidence that the 50-50 Federal match for operating costs has led to local decisions about labor and transit operations that have made service more costly than it would have been without Federal assistance. It seems clear that Federal transit policy has influenced local investment and operating decisions. It is this same influence that can be used to help the transit industry reach the 21st century in a stable and productive condition.

There are two major characteristics of the institutional environment of public transportation that should guide the development of a new Federal transit program:

1. Decisions on transit investment and service are made by local officials. These officials are subject to pressures from constituents to implement actions that, from the standpoint of cost-effectiveness, are not worthwhile, but politically difficult to refuse. One suspects, for example, that those transit systems required by state and local laws to cover a certain percentage of their operating costs have been able to exercise greater discipline on these types of decisions.

2. The urban transportation market has become increasingly diverse with developers, employers, and private service providers becoming more active in offering solutions to localized transportation problems. Given continuing trends in suburban growth, such diversity is likely to become a predominant characteristic of the future urban transportation market. Thus, there may be (and, in fact, there already is) a greater matching of services to markets and a corresponding increase in the role of private providers.

These characteristics have important implications for the framework of a new Federal transit program. First, given the importance of political criteria in local decisionmaking, Federal aid should not overly influence the decision based on the availability of Federal funds (e.g., new vehicle acquisition versus maintenance of existing vehicles or building fixed rail versus bus systems). Second, a Federal program should provide incentives for transit agencies to undertake the risky, but potentially dramatic, changes that might be necessary to position the agency for the transit environment of the year 2000. Third, such a program should encourage a serious examination of alternative means of providing public transportation services in an urban area. At the very least, it should not discourage the provision of such service by private entities. Fourth, a Federal transit program should include an incentive structure for public and private organizations to encourage more effective use of mass transportation services. For the public sector, this might include additional funding to those systems showing dramatic improvement in productivity. For the private sector, this might include tax incentives to employers who subsidize transit passes. Finally, a Federal transit program should be clearly tied to a statement of national purpose. Such a linkage is necessary to determine the appropriateness of Federal participation in local action.

The current proposal to phase out operating subsidies and to allocate capital assistance on a formula basis removes any Federal leverage on maintaining essential transit service and could provide significant shocks to some transit systems, especially the smaller ones. A formula-based capital subsidy program would not provide the needed incentive for local officials to consider institutional and service changes unless the distribution formula included variables relating to productivity improvements.

There are several program options that, by themselves or in combination, would improve the Federal transit program. Each option represents a Federal role in public transportation that seeks to encourage productivity and organizational improvements at the local level.

Federal Operating Subsidies For Nonlabor Cost Components - The current program provides a Federal dollar for each local dollar spent on system operation. Approximately 70 percent of operating costs are for labor. In this option, the Federal Government would not subsidize labor costs but would share in other costs. Such a program would force local officials to consider labor costs more carefully when contemplating service changes or negotiating labor contracts. Such a program would also reduce the level of Federal operating subsidy.

Federal Subsidies As Challenge Grants - This option would provide Federal dollars in proportion to revenues raised by state and local governments [Schofer, 1983]. Such a program would provide greater incentive for state and local officials to seek contributions from a wide variety of public and private sources at the local level.

Conditional Subsidies Based On Merit - This option would use Federal funds as an incentive to encourage changes in the structure and operation of transit systems. For example, a proponent of such a merit fund recently suggested that additional Federal funds could be provided to those systems that had 1) introduced differential peak and off-peak fares, 2) negotiated a labor contract permitting part-time labor, and 3) adopted an operation, marketing, and resource management plan for midday and weekend service [Jones, 1985].

Federal Funds As A Block Grant - This option could be applied at two levels. First, all Federal transportation funds would be given to state and local officials as a block grant. These officials would then decide on the distribution between highway and transit programs. Alternatively, transit and highway funds would be kept separate but would still be given to state and local officials for ultimate distribution within each modal category.

Reduce Federal Match - The current 80-20 match for capital investment is considered by many to encourage overcapitalization. A lower match (e.g., 60-40 or 50-50) would increase the local opportunity cost for the Federal dollar thus requiring a greater state and local commitment to projects for which Federal funds were sought.

The transit industry is at a crossroads. During the next ten years, with or without Federal subsidy, many transit systems will face fundamental decisions on the type of service to be provided, the allocation of the costs for this service, and the institutional framework within which public and private organizations deliver the service. Each of the above options would provide important Federal support for these decisions without biasing the decisionmaking process. The important Federal contribution would be in helping to maintain existing capital investment, providing incentive for productivity improvements and organizational change, and supporting (but not unduly biasing) local decision making on capital investment.

One approach to doing this is to reduce the Federal match for capital improvements, perhaps distinguishing between bus acquisition and fixed facility construction such as rail rapid transit (except where such construction is funded from an Interstate transfer project). The Federal match for facility construction could be reduced on the grounds that such a major investment would benefit numerous communities, governments, and employer groups which should be prepared to commit resources to the construction. In addition, this approach would limit Federal operating assistance to nonlabor costs. During the next five to ten years, a period that will be critical for the future of transit, a special discretionary program should be established to distribute funds to those transit agencies willing to make innovative changes to their systems which could result in improved productivity. The funds for this program would come from the savings that result from reduced Federal participation in capital and operating subsidies. In essence, this approach would encourage innovation and productivity improvements in an industry that needs new ways of accomplishing its mission.

SUMMARY

When Charlie first entered the MBTA station the world was much different than it is now. In particular, the changing structure of cities, a resurgent role for central business districts, and rapid technological advances have all created dramatic changes in our society. Still, the transit system that Charlie rode all those years has not changed that much. A healthy future for transit will require new and, perhaps in the eyes of some transit officials, radical changes in the way most public transportation agencies provide service. The need for change is prompted not only by the possibility of cutbacks in Federal subsidies but, more importantly by societal trends that are working against the traditional form of delivering transit services.

Federal participation in local transit programs is necessary and should be encouraged. The Federal program should be changed, but not eliminated. Although the current Administration regards public transportation as solely a state and local responsibility, there are national concerns that justify a Federal role. The most important are the national benefits derived from economically healthy urban areas and improved quality of urban life, both of which are fostered by public transportation. But national concerns do not necessarily mean Federal subsidy.

Whereas early Federal subsidies were designed to preserve and maintain urban transit services, the transit industry now needs incentives to reassess its service structure and the organizational framework for providing service. Jones has best described the importance of a Federal role in creating these incentives [Jones, 1985]:

> "In the absence of fundamental change, gradual economic attrition will characterize the industry's future--as it has its past. This is an unhappy but realistic prognosis. It is a prognosis that argues for a carefully crafted federal initiative which creates incentive for change--while sharing its risk and buffering its impact. To date, federal transit policy has emphasized the preservation rather than the reorganization of service. Preservation without reorganization is insufficient. For transit, change is the essence of stabilization."

Although there are several ways of structuring a Federal transit program, the most promising is a reduced Federal matching formula for capital investment and operating subsidies that would support only nonlabor items. This would provide a strong incentive for local officials to explore alternative funding sources and to identify means of improving productivity and the efficiency of internal management. In addition, a special Federal program should be established to provide incentive grants to those transit agencies willing to risk change in their organization or service structure.

Instead of viewing it as a major problem, the task of changing how transit is financed should be approached as an opportunity for the industry to establish a bridge to the 21st century. Along the way, Federal, state and local officials need to address long-term considerations of the role that transit should play in an urban area, the type of stable funding source necessary to support this role, and the equitable allocation of costs. The Federal Government could play an important part in helping the transit industry cross this bridge.

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Champaign-Urbana Mass Transit District

mtd

November 28, 1990

Senator Alan Cranston
Senator Alfonse D'Amato
United States Senate
Committee on Banking, Housing, and Urban Affairs
Washington, D. C. 20510-6075

Dear Senator Cranston & Senator D'Amato:

Thank you for the opportunity to comment on the reauthorization of the Surface Transportation Act as it relates to public transportation.

Throughout this century, policy decisions were made which have shaped our current ground transportation system dominated by the automobile. This system, while hailed as providing the ultimate in mobility, has in fact reached the point of causing more problems than it is solving.

-Motor vehicles are the single largest cause of air pollution.
-Half of the country's residents live in areas that have failed to meet minimum EPA ozone standards.
-Since 1976, the United States has used more petroleum each year for transportation purposes than it has produced. Importation of oil continues to adversely impact on the country's trade deficit.
-Researchers have found that people in American cities use twice as much gasoline per capita than in Australian cities, four times as much than in European cities, and ten times as much than in Asian cities.
-The United States Department of Transportation estimated that nearly 3 billion gallons of gasoline were wasted in 1984 due to congestion. They project that over 7 billion gallons will be wasted by 2005 due to congestion.
-Nearly as many people die yearly on the nation's highways as were killed in the entire Vietnam War.

801 East University / Urbana, Illinois 61801 / phone (217) 384-8188

A more balanced approach to transportation is required, if our cities are to achieve true mobility and our nation is to remain competitive. It is clear that transit can be part of the solution in areas such as clean air, fuel conservation, and congestion. Just as the federal government played a large part in the development of our current auto-oriented transportation system, it also must play a major role in supporting the availability and use of transit and other forms of high-occupancy, shared ride service. The federal investment in surface transportation should be substantially increased and funded by an increase in the motor fuel tax; hidden subsidies to the automobile, such as employer provided free parking should be eliminated; and policies should be enacted that work to reduce the overall growth in auto vehicle miles.

The potential problems created by the current mid-east crisis heighten the need to seriously begin the process of reorienting our transportation priorities. **Worldwatch Papers 84 and 98** published by the Worldwatch Institute contain convincing arguments and suggestions on how to begin that process. I commend those pieces to you and your staff.

I appreciate the opportunity to comment on reauthorization. You, along with Senator Alan Dixon and others, have been strong Senate advocates of multimodal solutions to the nation's transportation problems. Your continued support is very much appreciated.

Sincerely,

William L. Volk
Managing Director

rll

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Alfred H. Savage
Executive Director

November 29, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

Thank you for asking for my comments as you begin the process of reauthorizing the Surface Transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century.

Public transportation is essential to Chicago's vitality and prosperity. The Chicago Transit Authority operates the second largest public transportation system in North America. Our service area covers more than 220 square miles, comprising the City of Chicago and 37 adjacent suburbs and including a population of approximately 3 million people. Weekday riding totals approximately 2 million trips. To provide this essential mobility, CTA operates 2,218 buses on 132 routes covering over 2,100 route miles. CTA also operates a rapid rail system consisting of 1,200 rapid transit cars which travel 97.9 miles on 6 routes with 143 stations.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act. Incorporated in some of these principles are substantiated concerns, needs and appropriate examples:

- National-Level Public Infrastructure Reinvestment. In the view of some economists, the 1990s must be a decade of massive reinvestment in the nation's public infrastructure: streets and highways, water and sewer systems, public transit systems, and other major public facilities. This reinvestment is particularly needed in the larger, older urban areas of the country. Both direct and indirect returns to the overall health of the national economy are expected to be significant. Because of other key benefits also associated with transit system reinvestment, as described further below, we must ensure that the vehicle and facility capital needs of urban transit systems receive sufficient emphasis in this national program of major public infrastructure reinvestment. For example, CTA capital assets have a total replacement value of $9 billion (in 1987 dollars). This estimate includes $5.3 billion for track and structures; $1.7 billion for rolling stock; $655 million for bus and rail support facilities; $656 million for rail stations; $431 million for electrical/signals/communication equipment; and $160 million for support equipment. To keep this aging infrastructure in good working condition, CTA should spend approximately $400 million each year, according to two independent engineering surveys. Compare this to projected capital federal funding available of about $200 million per year from all sources--this translates into a 50% shortfall in capital funding.

- Costs of Meeting New Federal Requirements. In 1990 Congress passed two key pieces of legislation which place greater requirements on the nation's public transit systems: the Americans with Disabilities Act and the Clean Air Act. The objectives pursued by these new laws are of major importance, and are supported by the transit industry in general. The recently enacted Americans with Disabilities Act will add capital costs. Future bus procurements will cost approximately $18,000 more per bus because of wheelchair lifts. Renovation of "key" rapid transit stations must now be completed within 20 years and must include retrofitting for complete accessibility. This project alone will cost an estimated $180 million, or $9 million per year. The proposed Clean Air Act, which mandates alternative fuels and low emissions technology, may cost over $400 million to implement. This estimate includes modification of bus engines, fuel dispensing facilities, and altering fuel composition. These increased costs are over and above the already expected inflationary cost growth associated with maintaining existing bus and rail transit service levels. Many properties, including the Chicago Transit Authority, are likely to be faced with the prospect of cutting back already needed and vital transit services in order to fund program increases associated with ADA and/or environmentally-improved vehicle propulsion systems. Additional federal funding is vitally needed to cover these new federal requirements.

- Federal Operating Assistance for all sizes of transit systems is an essential element to the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Extent of Local Funding Commitment. Current U.S. DOT policy gives preference in the competition for limited federal capital dollars to those regions which have a stronger state/regional/local funding commitment to capital-intensive transit improvements. We believe that this higher preference should continue to be given, to those regions and transit operators whose percentage support for needed capital projects derived from state, regional, and local funding sources is highest. The Illinois legislature and the Regional Transportation Authority are in the process of strengthening authorized bonding authority and capital funding commitments to the CTA.

- Eligibility of Debt Service Payments for Capital Funding Assistance. In order to facilitate local flexibility in developing capital facility and vehicle bonding programs, including private sector funding and leaseback arrangements, it would be helpful if federal capital funding programs were broadened to include coverage of debt service payments (principle and interest.) This coverage of debt service payments might also stretch the application of federal dollars over a longer time frame, and, therefore, among a larger number of participants. That is, the funding requirements of individual regions or operators in a given year would be less, but would involve a longer time commitment to complete the overall debt service coverage. Capital outlays would be staged to match actual spending schedules more carefully.

- Deferred Transit Infrastructure Financing: Local Needs. The nation's older urban rail transit systems offer additional infrastructure reinvestment challenges, due to years of accumulated deferral of basic capital needs. As CTA plans for the future, we will continue to look to the federal government for substantial assistance. First, of course, we will seek direct funding and more of it. We have done our best with available funds, but we can no longer defer the inevitable--a massive overhaul of our existing infrastructure is essential to our continued viability on our current scale. Avoiding this investment simply shifts the costs of upgrading transit to the costs of upgrading and expanding already overcrowded roadways. The national-level pursuit of the service effectiveness objectives mentioned below--and their environmental and economic consequences--demand this. Reauthorization of the Surface Transportation Act must include a funding package that covers both transit and highways, one that dedicates specific revenue sources to transit, including funding tied to increased gasoline tax revenues. Substantial local discretion in transit/highway funding allocations should also be allowed.

- Gasoline Tax Increases. An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- Additional Cost-Effectiveness Criteria for Allocating Limited Federal Capital Funding. In addition to evidence of local funding commitment, we believe that other effectiveness criteria should also be employed in making federal funding allocations to states and regions. In particular, as CTA competes with other older rail properties for the limited rail rehabilitation/modernization funding that is available, we recommend the use of measures reflecting system/corridor cost-effectiveness or system/corridor productivity, such as annualized capital cost per rider, operating cost per rider, passenger revenue generated per rider, and related effectiveness/efficiency measures. Such measures should be utilized to gauge the relative "payoff" to funding agencies with regard to the performance of associated bus and rail systems. Systems that are already performing well, and which require capital project revitalization to continue to do so, should be given preference. Formula-driven funding allocation should be revised to reflect such measures.

- Passenger-Miles Per Lane Mile: Intermodal Comparisons. This is a convenient index of potential contribution to congestion relief; it should be a standard criterion for evaluating the effectiveness of proposed urban transportation investments (transit, highway, urban, suburban). More careful modal funding trade-off should be made in relation to such productivity measures. They should more prominently guide local, regional, and federal funding decisions. Passenger-miles per lane-mile offers a key measure of the potential contribution of a finite supply of right-of-way land for movement purposes, and the effectiveness of that land in serving its role.

- Central City Economic Health. In spite of all the concern over the "suburban congestion problems", the economic vitality of the central city, and particularly the central business core, remains one of our key urban goals. Solving the suburban congestion problem without solving the equally large (or larger) central city congestion problem presents obvious risks. In our larger urban regions, present transit systems must be well-maintained, and their ridership levels maintained and increased, simply to hold our own in the battle against congestion.

- Air Quality. We must continue to maintain the role of transit in reducing air pollutant emissions; this has never really seemed to get much attention. It is nevertheless a payoff that is now much more important, in light of the 1990 reauthorization of federal air quality regulations.

- Energy Conservation. The travel efficiency benefits of transit in the air quality area also carry over to energy conservation. This situation may get more attention in light of any sustained surge (beyond inflation) in gasoline prices.

- Employer-Provided Parking. Free or subsidized parking offered by employers, in the Central Area and elsewhere in our urban areas, represents an automobile usage policy with significant impact on transit. This untaxed employee benefit merits careful re-examination, as it offers an incentive for continued automobile usage when the reverse has now become desirable. Pricing or taxing these benefits, and/or allowing higher tax deductions for employer-provided transit incentives, should receive strong consideration.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

Alfred H. Savage
Executive Director

Illinois Department of Transportation
Office of the Secretary
2300 South Dirksen Parkway/Springfield, Illinois/62764
Telephone 217/782-5597

December 6, 1990

Honorable Alfonse D'Amato
United States Senator
Committee on Banking, Housing and Urban Affairs
SD-534 Dirksen Senate Office Building
Washington, D.C. 20510-6075

Dear Senator D'Amato:

In response to your letter of November 6, 1990, I am enclosing Illinois' recommendations and concerns regarding mass transit policy for the upcoming Surface Transportation Act reauthorization.

Thank you for this opportunity to present our thoughts on these important issues.

Sincerely,

Michael P. Lane
Secretary

Enclosure

MASS TRANSIT POLICY
ILLINOIS RECOMMENDATIONS

The upcoming surface transportation reauthorization offers the opportunity to more effectively deal with the mass transit needs of our country. Below are Illinois' recommendations for the new mass transit program.

Overall Program Size

For FFY 90, federal transit funding was approximately $2.8 billion, which is a decrease of 50 percent in real terms since 1981. This reduced funding hampers service in all transit systems. There are compelling reasons why this trend should be reversed. Mass transit can be a major factor in reducing the increasing congestion in our urban areas by providing large numbers of people with transportation alternatives. In order to accomplish this, urban areas need strong federal support to maintain existing infrastructure and expand capacity.

Increased federal funding will also be needed to help meet costly mandates contained in the Americans with Disabilities Act and the Clean Air Act Amendments. Meeting the requirements of these bills will involve major capital investments, such as station modifications, and added costs in rolling stock purchases. There is a general consensus among transit interests that the mass transit program needs to be expanded to help meet these needs. As you are aware, there is also a consensus that, at a minimum, the considerable balance in the Mass Transit Account (MTA) of the Highway Trust Fund should be drawn down, releasing those funds for their intended purpose.

Formula Program Funding

Substantially increased funding for the formula (Section 9) program must be a national priority. This program provides operating assistance and funding for routine capital projects, and the decline in funding in the last five years has created serious shortfalls for both operating and capital needs. The continuation of operating assistance, especially for areas with a population under one million, is especially critical since local resources are limited. Also, funding for routine capital projects must be increased to deal with the backlog of deteriorated capital facilities and to ensure safe and reliable transit service.

Small Urban and Rural Program Funding

Although the entire transit program has seen a decrease in funding, the cutbacks have been especially hard on small urban and rural systems. These systems, whose numbers have greatly increased in recent years, provide service mostly to the handicapped and elderly, people who have no other means of transportation. Without additional funding, these systems will be forced to reduce existing service levels, leaving many riders without a way to get to the doctor's office, their workplace or other necessary destinations. The small urban and rural (Section 18) program is currently authorized to receive 2.93 percent of the total formula funds. Congress has recognized that this share of total formula funds is inadequate and has, over the last four years, appropriated additional funding. There is general consensus that funding for this program should be increased.

New Starts Funding

One program that faces the possibility of reduced funding is the "new starts" category. Currently, this category is a separate part of the discretionary (Section 3) program designed to fund major extensions to existing rail lines or the establishment of new rail lines. There may be weakened support for new starts now that systems in several large cities have been substantially completed. Also, new rail projects might have to compete with major highway projects if a multimodal urban capacity expansion program is adopted. Either of these possibilities could mean less funding for these high-cost, multi-year projects. As a possible trade, state and local officials may be willing to consider a higher local match requirement in order to ensure adequate funding for new starts. Our nation cannot afford to neglect this vital link in mass transportation systems. Funding for this program must be adequate and secure.

Distribution of Funds by Formula

Congress will likely consider expanding the amount of MTA funds to be distributed by formula. One concern is the formula which would be used for this distribution. Currently, the formula used to distribute formula funds is based on "needs" factors such as population, bus vehicle miles of service and rail route miles, directing funds where they are needed the most. These formula factors should be retained to ensure adequate funding for systems with the greatest need.

Flexibility in Highway and Transit Funding

The interest in congestion relief and highway management has brought the issue of multimodal funding flexibility to the forefront. Many of the surface transportation programs now being proposed call for at least some funding to be available for either transit or highway projects, whichever best meets the regional goals. This mixing of funds should apply only to funding over and above the existing program levels. Existing programs must be assured of continued funding at least at current levels. Transit interests are also concerned that institutional biases in favor of highway projects, especially in smaller urbanized areas, will syphon off available funding from needed transit projects. If funds are to be available for either transit or highway projects, there must be a mechanism to ensure a balanced program with adequate funding for needed transit projects.

pace

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Executive Director

November 27, 1990

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
United States Senate
Committee on Banking, Housing, and Urban Affairs
Washington, DC 20510-6075

Dear Senators:

Thank you for soliciting my input regarding the pending reauthorization of the Urban Mass Transit Act. Being a director for Pace, the Suburban Bus Division of the Regional Transportation Authority (RTA), serving Northeastern Illinois for the past six years, I have gained invaluable experience with transit issues on a regional basis. In many respects, the RTA and its service boards (CTA, Metra and Pace) are a microcosm of the national transit system, serving diverse markets, having different capital bases, financial structures and needs. It is from this perspective that I offer the following suggestions:

- First and most importantly, federal funding for transit capital programs must be increased to keep up with the overwhelming need to replace our aging infrastructure and comply with ADA. Federal funding levels have declined (in real dollars) since 1981. To address this decline, there should be an increased appropriation of at least the $500 to $600 million of the new gas tax revenues dedicated for transit.

- Any new funds generated by the gas tax should be directed at the §9 formula program, not the §3 discretionary program. The predictability of §9 funding leads to more efficient local planning.

- Federal match requirements for §9 funding should not be increased.

- §9 operating assistance to cities over 1 million in population must not be phased out. Pace relies on federal operating assistance to provide service, without it service reductions would be required, dollar for dollar.

- Rail and bus modernization funds should be considered on a formula allocation basis and not as discretionary funding. No additional cities should be considered for rail mod funds. Minimally, new start projects should be prohibited from applying for rail mod funds until the initial federal investment has been fully depreciated.

- New start projects should remain as a §3 discretionary item, however, the federal share should be reduced to encourage a higher local stake in any new start. An incentive basis linked to productivity for new starts should also be part of the national decision making process for selecting among competiting projects.

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
Page Two
November 27, 1990

- Though not encompassed by the UMT Act, your committee should endorse tax incentives created to encourage employers to subsidize mass transit use by their employees. Similarly, private contractors should be given tax incentives (credits, ACRS) to invest in new equipment used for transit provision, particularly for wheelchair accessible equipment.

- The Interstate Transfer-Transit program should continue and retain as much of its flexibility as possible. In no event should transit funds be exchanged for highway projects without the approval of the local transit body. Each element (highway and transit) must have the authority to veto a transfer of funds between programs.

- Additional §3 funding should be provided to help transit operators deal with federal requirements mandated by ADA and Clean Air.

Based on your knowledge of transportation and the Act, I am sure you can understand the reasons for these suggestions, therefore for the sake of brevity, I have not elaborated. If you feel further testimony is warranted, I will be glad to provide it.

Thank you for considering my comments, I look forward to seeing you at the conference next year.

Sincerely,

Abner Ganet
Director

TOGETHER WE MAKE THE DIFFERENCE
8149 Kennedy Ave, Highland, Indiana 46322
(219)-923-1060 (312)-731-2646
NORTHWESTERN INDIANA
REGIONAL PLANNING COMMISSION

October 2, 1990

The Honorable Alan Cranston, Chairman
Senate Subcommittee on Housing
and Urban Affairs
SD-534 Dirksen Senate Office Building
First and C Streets, NE
Washington, D.C. 20510

Dear Chairman Cranston:

You are to be commended for your work on new mass transit legislation and your commitment to developing efficient and modern mass transit systems around the country. As Chairman of the Transit Finance Committee (TFC) of the Northwestern Indiana Regional Planning Commission (NIRPC), I am particularly interested in the Senate Subcommittee on Housing and Urban Affairs' current hearings on the Urban Mass Transit Act which will be up for reauthorization in Congress next year. The September 6, 1990 issue of Urban Transport News reports that you are asking organizations and individuals who understand mass transit to submit recommendations for the future of mass transit policy to your subcommittee by December 10.

On September 17, 1990 I testified at the Infrastructure Field Hearing before the U.S. House Committee on Public Works and Transportation which was held in Northwest Indiana. My written testimony includes my recommendations for the reauthorization of the Surface Transportation Act and I hereby submit it to your committee for its review and consideration. Please let me know if I can be of assistance to your committee in any way.

Sincerely,

Colin Mackenzie
Chairman
Transit Finance Committee

CM/JDA/lsl

cc: Senator Lugar
Senator Coats

WRITTEN TESTIMONY OF

COLIN MACKENZIE
CHAIRMAN
TRANSIT FINANCE COMMITTEE
NORTHWESTERN INDIANA REGIONAL PLANNING COMMISSION
324 OGDEN DUNES
PORTAGE, INDIANA 46368

BEFORE THE
INFRASTRUCTURE FIELD HEARING
COMMITTEE ON PUBLIC WORKS AND TRANSPORTATION
UNITED STATES HOUSE OF REPRESENTATIVES

MUNSTER TOWN HALL
MUNSTER, INDIANA 46321

SEPTEMBER 17, 1990

Mr. Chairman and Members of the Committee:

I wish to thank you for coming to Northwest Indiana to listen to transportation needs and concerns in Northwest Indiana. I appreciate the opportunity to speak on behalf of the needs and concerns of mass transit in Northwest Indiana as you prepare to reauthorize the Surface Transportation Act.

Transportation is the movement of people, goods and services. Our nation has prospered and developed in large part due to the development of highly efficient transportation and commmunications networks. Transportation discussions often emphasize the movement of vehicles. My remarks on mass transit, however, will emphasize the movement of people. Mass transit offers an alternative to private autos by moving people in high occupancy vehicles such as trains, buses and vans while simultaneously reducing congestion, improving highway safety, conserving gasoline, reducing noise pollution and improving the quality of our air.

Transit 2000, a pamphlet published by the American Public Transit Association (APTA), is an excellent summary of mass transit's benefits, needs, concerns and recommendations. A copy is attached to this statement for your review. My remarks will focus on mass transit in northwest Indiana.

PUBLIC TRANSIT IN NORTHWEST INDIANA

Description of Services

Northwestern Indiana public mass transit systems serve over seven million passengers per year on a commuter rail system, a commuter bus system, five local bus systems and over fifteen paratransit systems in three counties representing both urban and rural populations.

The South Shore Railroad is a public corporation and provides interurban commuter rail service to both Indiana and Illinois residents, most of whom work in Chicago. Its ridership has increased steadily in past years and in 1989 it served over 2.6 million Indiana passengers and over one-half million Illinois passengers. The electric powered train maintains air quality and provides service to both urban and rural areas in four counties from South Bend to Chicago.

Amtrak provides a commuter rail service between Porter and Lake Counties and Chicago. It serves over 100,000 passengers per year.

A privately owned commuter bus system transports over 300,000 Indiana passengers between Lake and Porter Counties where they live and Chicago where they work.

Local public bus systems in the five cities of Gary, Hammond, East Chicago, Michigan City and LaPorte serve over three and one-half million passengers per year. Many of the passengers are students, the elderly, and those who can't afford cars or are otherwise unable to drive.

About 15 social service organizations provide public transit on a demand response basis to the elderly and handicapped. In 1989 they provided service to over one-half million passengers.

Benefits to Northwest Indiana

Approximately 41 rail cars, 21 commuter coach buses, 76 city buses and 200 paratransit buses and vans contribute to the transportation infrastructure of Northwest Indiana.

All sectors of northwestern Indiana society use the service including the employed and unemployed, the youth and the elderly, the affluent and the poor, the handicapped and the able-bodied.

Both public and private corporations and organizations provide the services.

According to APTA estimates, the over 7 million northwestern Indiana mass transit passengers who annually choose not to drive private autos also helped to conserve energy and they improved the quality of our environment.

They reduce congestion on our already severely congested highways and roads. Over two and one-half million private autos per year are removed from northwest Indiana roads and highways each year.

They save over 92 million gallons of gasoline per year, or the equivalent of 231 large storage tanks.

Over 290,000 tons of air pollutants are removed from our air each year. Those pollutants include hydrocarbons, carbon monoxide, nitrogen oxides and particulates. They would fill 3,843 large rail container cars to capacity and the train would be nearly 5 miles long!

NEEDS AND CONCERNS

We need to build a sound financial base for our public transit systems. Federal funds for mass transit have been reduced by an average of 8 percent per year for the past five years and those funds have not been replaced by any other source.

Declining federal funds have caused a corresponding decline in the quality of service provided to our passengers. Repairs and maintenance of vehicles have been delayed so that minimum services can be maintained. Capital investments needed to modernize and expand fleets so that services can be improved are put on hold year after year.

Our mass transit fleets are aging and vehicles breakdown frequently. Passengers often find their rides uncomfortable and they are sometimes unable to get to their destinations on time. We have been unable to afford the cost of expanding transit services to city residents who need transportation to jobs and services in the suburbs or to rural residents who also have special transportation needs.

The Administration has proposed that federal operating funds be eliminated for mass transit systems in urban areas with a population over 1 million people. Its rationale is that federal operating funds account for less that 6% of the operating budgets of large urban systems. Northwest Indiana has been federally designated to be part of the larger Chicago metropolitan area but its systems are small relative to the Chicago rail and bus systems. Federal funds accounted for over 30% of our mass transit operating budgets in 1989. Elimination of federal operating funds would have a devastating effect on mass transit in northwest Indiana!

Without a reliable and predictable source of funding for mass transit, northwest Indiana cannot successfully plan or implement federally mandated, but unfunded, improvements to our mass transit system or to meet the changing transportation needs of our people.

Over the past decade there have been population shifts, a changing economic environment and a decline in national commuter rail systems. Many former Illinois residents have moved to the West Lake County area and many of them continue to commute to their jobs in Chicago. A significant number of people who commute to jobs in Chicago also live along the corridor from Valparaiso to Chicago and the present Amtrak commuter rail service is likely to be terminated within months. Our residents also do not have access to any mass transit that would transport them from one area of northwest Indiana to another.

Northwest Indiana has studied and identified a need to establish a new commuter rail service along mostly existing track from Lowell to Chicago along the Westlake Corridor, a need to replace the terminating Amtrak commuter rail service from Valparaiso to Chicago, and to expand its local city bus service to include regional inter-city bus services.

The costs for these new systems would require federal, state and local funding. It is critical that we begin immediate acquisition of rail corridors and some of the track will need to be replaced or improved. New and used rolling stock needs to be purchased. More planning is required to balance and integrate our mass transit and highway systems. However, the benefits would be to provide alternatives to private auto use for all our citizens, improve our transportation infrastructure, reduce congestion on the highways, conserve energy, and improve the quality of our air.

The costs for these new mass transit systems would also cost less than building new highways. APTA estimates show that major highways can cost $100-120 million per mile. However, busways can be built for $10-20 million per mile and commuter rail systems along existing track cost considerably less than major highways.

In recent years federal legislation has been enacted which mandates costly changes and improvements to our mass transit systems but it has not provided the funding with which we can make them.

The Clean Air Act mandates that all new buses purchased must contain alternative fuel engines. Those engines would reduce the emmission of air pollutants but they significantly increase the cost of buses as well. Our mass transit systems cannot afford further capital costs as federal funds are declining and operating costs are rising. Without increased funding to comply with the alternative fuel engines mandate, northwest Indiana passengers may face an even further decline in the quality service.

The American Disabilities Act mandates that disabled citizens have equal access to mass transit, a goal in northwest Indiana for many years. The Act requires that all newly purchased mass transit vehicles must be equipped with wheelchair lifts, another significant cost increase for new vehicles. Our transit systems must also increase planning costs so they can develop plans for complying with the Act within within the required 18 months. However, no federal money is available to assist our transit systems comply with the mandates. Again in the attempt to improve transit services for all our people, we are caught in another cost squeeze and the effect may actually be a further decline in quality of service.

LOCAL AND STATE EFFORTS

At the local level, our mass transit systems have cut their operating and capital expenditures. To maintain minimum services, our systems annually trade away a portion of their federal capital dollars to northeast Illinois in return for their operating dollars. The trade causes northwest Indiana to lose $1 for every $3 traded. The result is delayed capital investments.

Several transit systems have also raised their fares in recent years.

Operation Bootstrap is a joint effort by both the public and private sectors in northwest Indiana to raise local revenue which would partly fund regional and local transit projects. A legislative proposal is being packaged to be presented to the next session of the Indiana General Assembly. If it is successful, northwest Indiana could be empowered to raise regional revenue to help pay for regional and local transit projects.

At the state level, the funding source for mass transit is .76% of the 5% state sales tax and it has not been increased in past years. An Indiana Transportation Association proposal to raise the mass transit fund from .76% to 1.20% will be presented to the next session of the Indiana General Assembly. We are hoping for favorable consideration of and legislative action on the proposal which would add about $2.8 million to 8 transit systems in northwest Indiana.

SPECIFIC RECOMMENDATIONS

We believe that public mass transit in northwest Indiana is benefiting our own citizens as well as helping to meet our national goals of a balanced and integrated transportation system, an improved transportation infrastructure, reduced highway congestion, increased highway safety, improved air quality, equal access to transportation for all citizens, and energy conservation. We also believe that support and funding for mass transit should be a partnership of all levels of government.

The federal level of support for mass transit has been declining in past years and we strongly urge that it be restored and treated as a higher priority as it is in most other developed countries.

As you prepare to consider the Reauthorization of the Surface Transportation Act we urge the following:

- The funding level for mass transit should be adequate to meet our national goals. APTA estimates that $11 billion level is necessary to adequately fund mass transit. There should be a spend-down of the Mass Transit Account of the Highway Trust fund.
- The funding sources for mass transit should be reliable and predictable so our systems can plan for longer than one year at a time. The annual gas tax receipts for all mass transportation programs should be increased.
- Federal operating assistance needs to be maintained for the smaller mass transit systems which are considered to be part of large metropolitan urban areas.
- The federal share for all programs should remain at current levels. The Administration's proposal for a 60% federal share would make it more difficult for northwest Indiana mass transit systems to compete with the larger urban systems for federal funds. Large urban areas can raise more local matching dollars.
- Mass transit and intermodal transportation planning funds need to be increased to assure balanced and integrated transportation programs for northwest Indiana.
- Local flexibility needs to be maintained so that we in northwest Indiana can determine our own mass transit and intermodal transportation prioities.

Thank you again, Mr. Chairman and Members of the Committee, for listening to the needs and concerns of mass transit in Northwest Indiana.

MAYFLOWER.
CONTRACT SERVICES

Mayflower Contract Services, Inc.
P.O. Box 7941
Shawnee Mission, Kansas 66207
913 345-1986

November 29, 1990

Senator Alan Cranston
Committee on Banking, Housing, and Urban Affairs
U. S. Senate
Washington, D.C. 20510-6075

Dear Senator Cranston:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems--nothing else does so many things so well. And, the use of private contracting further enhances transit's effectiveness during tight money times.

Mayflower Contract Services, Inc. (MCS) is a leading provider of privately operated, publicly funded transportation services. We operate for a number of transit authorities and municipalities within the United States. Mayflower's attention to excellence and economy have stretched governmental subsidies in the provision of urban transportation systems. Presently, our Denver operation saved the RTD approximately 27 percent off their operating budget. Also, we have supplied equipment which cost one-fourth that of traditional transit coaches. Because of these economies and the efficiency of our services, private contracting in urban transportation is a viable solution that should continue in the reauthorization bill.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines. However, I believe the intelligent use of private operators can reap benefits while still meeting transportation needs.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependant on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

Mayflower Contract Services, Inc. is a leading provider of paratransit services in this country. We provide our service efficiently and with dignity to the riders. The contracting of paratransit services shows that private contractors can work successfully with public operators. In meeting the worthy goals of improving air quality and urban mobility, the private "factor" should not be overlooked in the reauthorization bill. At a time of increased fiscal pressures, the ability to deliver needed public service economically is paramount.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured. However, those increases should strongly encourage use of private operators as they are cost effective.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Establish a stronger multi-modal approach in planning, funding and decision-making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

MAYFLOWER CONTRACT SERVICES, INC.

Ted Rieck
Director of Planning

TR/db

cc: Paul Larson

tarc Transit Authority of River City

1000 West Broadway • Louisville, Kentucky 40203
Executive Director: (502) 561-5100 • FAX: (502) 561-5126

November 29, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U. S. Senate
Washington, D.C. 20510/6075

Dear Chairman Cranston/Senator D'Amato:

Thank you for the opportunity to present my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. I sincerely hope that you and your collegues will be able to craft a surface transportation program which effectively responds to existing and emerging needs.

TARC provides a high level of transit service to the residents of the greater Louisville area. We have a dedicated local source of funds via an occupational tax. Last year, almost 18,000,000 people rode our buses.

Thank you so much for the funding increase Congress provided in the federal transit program for FY1991, especially in light of severe federal budget constraints.

In reauthorizing the transit program I support retention of both formula and discretionary programs. The decreases of the last several years have been particularly harmful to small and medium sized transit authorities like TARC, so perhaps more funding should be directed to the formula program. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

* **The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.**

* **Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions such as ADA, Clean Air Act, Commercial Drivers License, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.**

* **Increase reliance on a predictable formula funding using factors better reflecting transit needs.**

* **Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.**

* **An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.**

* **Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.**

* **Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.**

* **Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.**

I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your efforts.

Sincerely,

David B. Arnett
Executive Director

DBA/ba

Maryland Department of Transportation
The Secretary's Office

William Donald Schaefer
Governor
Richard H. Trainor
Secretary
Stephen G. Zentz
Deputy Secretary

December 6, 1990

The Honorable Alan Cranston
Chairman
Committee on Banking, Housing and Urban Affairs
SH-112 Hart Senate Office Building
Washington, D.C. 20510-6075

The Honorable Alfonse M. D'Amato
U.S. Senate
Committee on Banking, Housing and Urban Affairs
SH-520 Hart Senate Office Building
Washington, D.C. 20510-6075

Dear Chairman Cranston and Senator D'Amato:

The Maryland Department of Transportation appreciates your invitation to provide recommendations for the reauthorization of the federal Urban Mass Transit Act. This response embodies the position of the entire Department, including our Mass Transit and State Railroad Administrations.

In general, Maryland advocates reauthorization legislation based on modifications to the existing program rather than an attempt to restructure the entire federal transportation system partnerships.

Preservation and capacity expansion are the core requirements of reauthorization legislation. Continued strong focus on a national system is needed along with the financial resources to build and maintain an efficient transportation infrastructure. Maryland supports an expanded national transit funding level of $3.5 billion annually, which can, at least in the short term, be accomplished by spending down trust fund balances.

We believe the basic structure of the Urban Mass Transportation Administration (UMTA) programs is sound. However, we do offer the following proposals which would enhance the nation's public transportation system.

My telephone number is (301)- 859-7397
TTY For the Deaf: (301) 684-6919
Post Office Box 8755, Baltimore/Washington International Airport, Maryland 21240-0755

SYSTEM PRESERVATION

I. Section 9 Formula Program

The Section 9 and 9B Capital Program should preferably be funded at an 80% federal level, but hopefully no lower than 75%.

Rail modernization projects should receive formula funding under this category, and a higher level of national funding should be provided in order to rehabilitate and upgrade the rail systems built in the 1970's as well as the older rail systems. The formula allocation should be based on revenue vehicle miles, route miles, and age of the system.

Maryland would support a formula funding authorization of $2.5 billion annually for system preservation and modernization with a minimum allocation to small urban and rural transit systems.

There is a need for Section 9 Operating Assistance to continue at no less than the current annual level of $800 million. This program is extremely important to the smaller urbanized areas, where its elimination could result in the reduction or cessation of transit service in some communities.

II. Section 18 Formula Program

The Section 18 Rural Assistance Program is extremely important to the elderly, the disabled, and other transit-dependent groups. The need for this program is growing, particularly among the elderly who are increasing in number every year.

Reauthorization legislation is needed that includes funding levels sufficient to reflect the bonus appropriations the Senate has found necessary to include in recent years. Also, consideration should be given to a discretionary program to meet extraordinary funding requirements.

RECONSTRUCTION AND NEW STARTS

III. Section 3 Discretionary Program

The Section 3 discretionary program should fund new starts and extensions to existing systems, major bus projects, and "lumpy" major capital rail modernization projects which cannot be completed under formula allocation. Maryland would support an annual $1 billion authorization for much needed reconstruction and new start projects.

New start projects should be eligible for discretionary funds for a maximum of six years. Then, as the projects become operational, they would become eligible for formula funding.

A maximum federal match for discretionary funds of 70% with the option of a higher local match should applicants choose would allow for program flexibility. With a larger local commitment, it would be beneficial to local governments if federal regulatory burdens would be reduced.

As an example, it would be helpful if the Congress were to include statutory language in the new bill which would exclude the acquisition of transit vehicles for existing systems from environmental impact statement requirements.

IV. Section 3 Rail Modernization

Historically, Section 3 Rail Modernization funds have been distributed to the older rail systems in the country. The largest recipients have been the Boston, New York-New Jersey-Connecticut, Philadelphia, Chicago, Cleveland, Pittsburgh and San Francisco metropolitan areas.

A need is developing for rehabilitating and upgrading rail systems built in the 1970's and 1980's such as Atlanta, Baltimore, and Washington, among others. These systems have not received Section 3 Rail Modernization funds.

The time is now arriving where these newer systems need funds in order to avoid the costly consequences of deferred maintenance experienced in systems such as New York and Philadelphia.

In the past, systems were classified as either new starts or rail modernization, but never both. However, this distinction has been broken by the earmarking of New Starts funds for San Francisco, Cleveland, Chicago and New Jersey in the FY 1991 DOT Appropriations Act.

Rail Modernization funds should be distributed on a formula basis under the Section 9 program and on a discretionary basis under the Section 3 program.

Such an approach would provide equity and allow for funding for very large projects which cannot be carried out solely with formula funds.

V. Interstate Transfer-Transit

The Interstate Transfer-Transit Program has been beneficial in a large number of cities and states wanting to build major transit projects with substitute funds made available by the withdrawal of non-essential segments of the interstate highway system.

Maryland has been a major recipient of this program and has funded the second and third phases of the Baltimore Metro, as well as important sections of the Washington Metro. The use of Interstate Transfer funds has also reduced the pressure for scarce Section 3 New Starts funds.

The Interstate Transfer-Transit Program is winding down, but it is important that it not be forgotten in the reauthorization. An annual level of $160 million for FY 1992 and FY 1993 would permit the closing out of this program in two years.

VI. Mass Transit Trust Fund

With the passage of the Omnibus Budget Reconciliation Act, the Mass Transit Account of the Highway Trust Fund will receive a total of one and one-half cents per gallon of gasoline. The full use of trust fund receipts, including earned interest, could support a federal transit program significantly greater than the existing programs without any increase from general funds. While current budget constraints may preclude full utilization of these added revenues for transportation purposes, the reauthorization must take into account the great needs for rebuilding the infrastructure of transit systems, as well as new systems and extension.

Finally, the recent passage of the Americans for Disability Act and the Clean Air Act will impose substantial costs to transit systems, which must be taken into account in the reauthorization legislation. While both of the recently passed bills serve an important purpose in improving the quality of life in this country, there are no funds available to implement these requirements.

We appreciate the opportunity you have given the State of Maryland to comment on this important legislation, and stand ready to provide testimony or additional information to the Committee during the legislative process in 1991.

Sincerely,

Richard H. Trainor
Secretary

RHT:er

MTA
MASS TRANSIT ADMINISTRATION

300 West Lexington Street
Baltimore, Maryland 21201-3415

October 31, 1990

The Honorable Alan Cranston
Chairman
Subcommittee on Housing and Urban Affairs
Senate Committee on Banking, Housing and
Urban Affairs
Washington, DC 20510-6075

Dear Mr. Chairman:

Thank you for your letter of October 18, 1990, inviting me to submit recommendations pertaining to the reauthorization of the Surface Transportation Act.

I am honored by your request, and hope that I can make a valuable contribution to the Subcommittee as it considers mass transit legislation for the nineteen nineties.

The Mass Transit Administration is a modal administration of the Maryland Department of Transportation. Therefore, I will be coordinating with other transportation agencies as we develop a consolidated response representing the concerns of the State of Maryland.

Sincerely,

Gunther M. Gottfeld

Gunther M. Gottfeld
Manager of Government Relations

GMG/rr

cc: The Honorable Paul S. Sarbanes
The Honorable Barbara A. Mikulski
Richard H. Trainor, Secretary
Maryland Department of Transportation

**MASSACHUSETTS
BAY
TRANSPORTATION
AUTHORITY**

Thomas P. Glynn
General Manager
Transportation Building
Ten Park Plaza
Boston, Massachusetts 02116

December 20, 1990

Senator Alan Cranston, Chairman
Committee on Banking, Housing, and Urban Affairs
Subcommittee on Housing and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston:

Thank you for your letter requesting recommendations concerning the reauthorization of the Urban Mass Transit Act. I appreciate having the opportunity to participate in this most important process for addressing the needs and the opportunities for mass transit as we approach the twenty-first century.

Many of the emerging challenges that confront our nation, including clean air, energy conservation, highway congestion and economic productivity, require increasing federal support for mass transit. I am confident that the reauthorization bill crafted by you and your colleagues will allow transit service to achieve its full potential in the years ahead.

Over the last three decades of federal involvement in mass transit, the industry has seen tremendous progress. That progress is reflected in the vitality and improvement of mass transit at the Massachusetts Bay Transportation Authority. During the 1980's, average weekday ridership rose 26% to 678,000 daily riders. Over this same period, total fare revenues have grown by 48%.

Much of the credit for this record of progress goes to our capital improvement program, which has been accomplished through partnership between the MBTA and the federal government. That program helped turn around the nation's oldest subway system into one of the nation's best by modernizing worn and aged facilities and vehicles and by building new lines which have attracted new customers.

The success of this partnership is perhaps best reflected by the views of our customers. In 1980, a mere 50% of customers considered MBTA service satisfactory. Now, 92% are satisfied. That is one statistic that says a lot.

In light of the increasing need to continue our capital development program at the MBTA, it was encouraging to see the funding increases Congress provided for the federal transit program for FY 1991. Congress deserves special appreciation for providing in the budget agreement an increase in the amount of gasoline excise tax revenue that is deposited in the Mass Transit Account to fund transit capital projects.

I hope that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. The impact on the MBTA has been significant. Fares have been increased and there has been dramatic growth in the state's contribution to the MBTA's budget. Without meaningful federal participation in mass transit, a healthy mass transit program for the nation is impossible to envision.

As you may know, the economy in Massachusetts has been undergoing extreme economic stress and now similar problems are being experienced in many other states. But, mass transit is seen here as part of the solution. Our capital program provides pump-priming jobs for the economy. Jobs are created and the resulting improved infrastructure encourages additional private investment. The federal share of capital funds has been essential in pursuing economic revitalization.

The MBTA's vision of mass transit has led to the development of one of the most progressive policies in the nation to meet the needs of our disabled customers. Thus, we were pleased to see the passage of the Americans with Disabilities Act, (ADA). However, I hope that Congress will recognize that the requirements of the ADA are costly and should be addressed in the new authorization measure.

In Massachusetts, mass transit is fortunate to receive strong support from local business and environmental groups. The former recognize the economic importance of transporting workers, students and tourists efficiently and economically, while environmentalists realize that transit is one of the quickest and most economical ways to reduce vehicular pollution. That is good not only for air quality but it also lessens our country's dependence on imported fuel.

The MBTA endorses the basic principles developed by APTA's T-2000 Report, including the following:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA mandate should be broadened to encompass and promote increased availability and use of transit and all other forms of high-occupancy shared-ride services.

- Greater flexibility should be allowed in the use of available federal funds, to enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- A stronger multi-modal approach should be established by UMTA for use in planning, funding and decision-making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- There should be increased reliance on a predictable formula funding, using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, shared-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent, concurrent with reauthorization of the Surface Transportation Assistance Act to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decision, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services.

- Other federal policies should incorporate the same objective.

- Federal support should be expanded for basic research, development, training, and human resources activities affecting transit, with appropriate direction of an input to the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in the imposition of additional costs on transit operations and capital investments; federal funding should be provided to help meet these requirements.

I hope you will give careful consideration to these principles in formulating the reauthorization legislation.

In conclusion, I would like to express my appreciation for the support which you and your subcommittee have provided for the federal transit program. As the interstate highway system moves to completion and as the public focuses on new domestic and foreign policy priorities, the upcoming reauthorization provides an opportunity to address the needs of mass transit that have so far gone unmet. I wish to offer my assistance to you as you go about the business of shaping mass transit for the challenges of the next century.

Sincerely,

Thomas P. Glynn
General Manager

AATA
Ann Arbor
Transportation Authority
2700 South Industrial Hwy., Ann Arbor, Michigan 48104 (313) 973-6500

November 29, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

Thank you for the opportunity to comment on the reauthorization of the Surface Transportation Program. I am sure that in the next few days you will be getting a number of letters from transit systems advocating the need to adopt a plan which replicates what has been in place for the past 10 years or so with increased funding to restore the program to where it was before the cuts of the eighties. You will no doubt be hearing from the administration regarding providing sufficient funding and a dedicated source for the program from the trust fund, with the elimination of operating assistance and a redefinition of capital.

What you may not hear is that it is time to treat public transit as a key element in reducing infrastructure costs in the future. It is time to start coordinating mobility management with other federal programs from housing to education. It is time to reevaluate the second class status of transit in the tax code.

The National Transportation Plan, T2000 plan and AASHTO's 2020 program should provide the basis for the reauthorization of the transportation plan, they were months in the making and represent a cross section of views from around the country. Your staff should be familiar with these documents and can contact appropriate staff from the authors should questions arise.

The budget crisis is an opportunity to rethink the way that we have conducted public business for the past thirty six years with regard to an incredible engineering program like the interstate system, which while linking the nation, may have inadvertently contributed to urban sprawl and center city blight. The clean air law could be referenced as a justification for the expenditure of monies which will encourage mitigation of congestion and pollution by encouraging car pooling/vanpooling, transit-friendly land use policies. The latter could also be considered as part of the disposition of properties through the RTCC with potential buyers being informed that as part of the purchase of the properties they would be responsible for establishing transportation management organizations or associations or transportation improvement funds in order to mitigate the cost to the locals for the infrastructure repairs or expansions that will result when those properties come onstream.

The American's With Disabilities Act will also require additional funding in many communities. Lifts on buses are an expensive piece of equipment at time of purchase and on a maintenance basis, particularly in the northern climes. It can be done, but it will take money that is not available today or is being used in some other manner currently. The supplementary service which will be required under the law will add costs for many systems unless there is mandated cooperation with social service agencies. This mandate will require a rethinking of the duplicative nature of services to different client populations. Locals should have the ability to transport senior daycare and headstart students on the same vehicle, deregulate the public sector.

Transit systems should have the ability to provide local charters within their service area. Especially for the 501 c 3 and 501 c 6 organizations which in many cases helped get local millages passed to support the transit system a great deal more than the federal contribution does. The excesses of a few systems led to an unnecessary regulation which restricts the transit systems ability to generate revenue at the local level. The limitation on school service is an area that needs to be revisited. If the vehicles can be used to lessen the need for a school district to spend limited dollars on transportation then why not allow them to do that. There appears to be a crisis in education in the nation. If we can use transit dollars more effectively in moving the children to school, wouldn't that mean that there are more education dollars for education.

A final area of concern is in the training of people in the transit industry and the amount of research and development as it relates to our ability to operate and maintain more complex vehicles. When are we going to realize that we need to fund research adequately? Why are there no onshore railcar manufacturers? Why aren't we looking at trolley or battery operated vehicles? Why are the Germans and the Japanese so far ahead of us in IVHS technology? What are we doing to train our technicians to maintain electronically controlled engines and transmissions? Why aren't there more partnership programs with schools? The answer to these questions appears to be quite simple, it's because we lack the vision to see where we should be. We spend so much time looking at today's bottom line that we give no consideration to tomorrow's ledger. Mr. D'Amato you once chastised our industry for not having the foresight to move away from diesel technology to alternative fuels, no one ever answered you. The reason we did not is that to do so would have required training in new technologies, it would have required

real investment, not the smoke and mirrors that we have seen for the past 10 years. To break with the past you must have confidence in your ability to deal with the future. Some of us have that confidence but we need the financial resources over the long run. The current program does not have adequate funding to encourage the leap of faith. You as policymakers need to create the environment where risktaking is encouraged.
You need to encourage the boldness that it will take to change the way that we do business so that we become more competitive in the global economy. If you don't and we don't then we who came to this country to seek a brighter future will replicate the old world that we thought we had left behind.

Sincerely,

Michael Bolton

Michael P. Bolton
Executive Director

STATE OF MICHIGAN

JAMES J. BLANCHARD, GOVERNOR

DEPARTMENT OF TRANSPORTATION

TRANSPORTATION BUILDING, 425 WEST OTTAWA POST OFFICE BOX 30050, LANSING, MICHIGAN 48909

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LH 0-0 (3/90)

December 7, 1990

Honorable Alan Cranston
United States Senator
Washington, D.C. 20510-6075

Honorable Alfonse D'Amato
United States Senator
Washington, D.C. 20510-6075

Dear Senators Cranston and D'Amato:

Thank you very much for the opportunity to provide you with our thoughts concerning the reauthorization of the Surface Transportation Act. The Michigan Department of Transportation (MDOT) believes that this reauthorization will set the course of transportation in this country for well into the 21st century. It is, therefore, imperative that we take this opportunity to direct that course so that the nation's transportation system will contribute to the nation's economic and social vitality in the coming century.

In Michigan the provision of public transportation services is a partnership of the federal, state and local governments. We have one of the strongest public transportation networks in the country with 82 of the state's 83 counties served by local public transportation. The state has provided a permanent, dedicated source of revenues for public transportation programs. These revenues provide about $160 million annually, over $100 million of which is used specifically for state operating and capital assistance for local bus transit systems. At the local level, 45 of Michigan's transit systems have property tax millages which provide a local dedicated source of revenue for public transportation services. I have enclosed a list of these systems. The declines in the federal portion of this partnership have, however, adversely effected public transportation services in this state. In 1980 the federal program covered an average of 30 percent of the operating costs for urban areas in Michigan, and 35 percent of the non-urban cost. Today these figures are at 11 percent for both urbans and non-urbans. The revisions to the Surface Transportation Act should recommit the federal partner to fund capital and operating expenses for both urban and rural public transportation programs. In addition, however, we believe that it is important that all three partners are committed to these programs. We believe that the reauthorization legislation should provide incentives for state and local government to provide dedicated sources of revenue to fund public transportation services. Local areas and states which show this commitment should be rewarded.

In addition, the Michigan Department of Transportation supports reauthorization proposals that begin to integrate the planning and funding of transportation improvements as a part of a total transportation system, rather than as separate modes. Planning for highways, public transportation, and rail must be integrated so that total system solutions can be developed and implemented. Transportation infrastructure needs, across all modes, are so substantial that our investment decisions must be based on identifying the best transportation solution, rather than basing the decision on the modal mission of the agency which has identified the problem.

It is also time for all federal, state and local agencies which fund transportation facilities and services to implement legislation, policies and programs which eliminate duplication of services. The segmentation of transportation programs to serve only specific mode choices, specific client groups, or specific types of trips is wasteful of limited resources. This coordination must also consider the coordination of publicly funded services with services which are provided by the private sector.

The reauthorization should address the following issues:

1. Across all modes the maintenance and management of all resources must be considered a very high priority. Specifically, public transportation alternatives to highway reconstruction and expansion must be carefully and seriously evaluated. The goals of cleaner air, economically viable urban areas and a high quality of life should be considered when considering highway improvements. While as a nation we cannot continue to build to meet an ever expanding demand for the single occupant automobile, we must be careful to protect and enhance the vast investment already present in our transportation facilities and services.

2. Within public transportation programs, the maintenance of our existing infrastructure of public transportation systems must take precedence over expansion. The program should recognize that replacement of existing facilities and vehicles is critical to serving the public. Specifically, the bus portion of the Section 3 discretionary program should recognize replacement of existing vehicles as a higher priority than provision of buses for new services and new facilities.

3. The Michigan Department of Transportation supports the AASHTO 2020 and APTA 2000 reports in the development of a new flexible funding program which will permit local areas and the state to make transportation system decisions, rather than mode specific decisions, when solving transportation problems. Consistent with the current Federal Highway Administration program these flexible funds should be administered by the states.

4. Reauthorization should require coordination of federal transportation funding with transportation funding provided by all other federal agencies, including Health and Human Services and Education. While particular client needs must be addressed, there is no reason that all agencies receiving transportation funding from any federal source should not be required to coordinate those services with the overall goal of making maximum use of the resources provided. At a minimum reauthorization should restructure the 16(b)2 program which as currently authorized and administered promotes duplicative rather than coordinated services.

5. MDOT supports the current match ratios for all federal public transportation funds. These ratios should remain in the reauthorization legislation. We strenuously oppose the current practice of "encouraging", to the point of mandating, overmatch on all Section 3 discretionary grants. This practice rewards wealthy systems, not for identified need and technical merit of the project, but rather for the ability to provide additional local funds. With scarce total transportation infrastructure resources this practice is short-sighted. In addition, this policy makes it nearly impossible for the local and state partners to develop rational capital plans and multi-year financing programs when the amount of non-federal funding will vary from funding cycle to funding cycle. It is far better public policy to establish a fixed match ratio that all areas can work toward when developing their plans and financing strategies, even if that match ratio is lower than the current 75% federal, 25% non-federal program.

6. The revisions to the Surface Transportation Act should provide incentives to develop intermodal connections, not only between highway improvements and transit, but also, for example, between adjacent local transit operators and transit and private intercity bus and rail companies. The transportation system as a whole does not stop at local or state political boundaries.

7. There must be additional funding allocated for research and development in public transportation. This industry is being asked, through federal initiatives, to help solve national

priority problems such as air quality, handicapper civil rights, and drug enforcement. However, there have not been funds available to identify new technologies which can help the industry meet these and other goals in a cost effective manner. MDOT also supports a national policy board to oversee the identification of research priorities for public transportation and the dissemination of the results of research programs. In addition, MDOT supports the coordination of this research program with other transportation research, and would support the National Science Foundation (TRB) to administer the research efforts.

8. MDOT believes that there is an appropriate role for charter services within the public sector. The current provisions of the UMTA charter regulations are heavy-handed in their application. Michigan, however, is one of only a few states which also provides state funds to support intercity bus services. Therefore, we recognize that the needs of the local transit operation must be carefully balanced against the private sector interest. Reauthorization legislation should address the careful balancing of these interests so that the goal of serving the public can be met.

Finally, although we realize that it is not specifically a reauthorization issue, MDOT supports changes to the federal tax code which will provide incentives to the private sector to invest in and support the maintenance of all modes of transportation. Only one example where this is not the case is the proposed change to the tax code which would tax employer provided transit passes as an employee benefit. This proposed change will discourage employers from subsidizing transit passes, rather than parking spaces, for their employees. This is only one example. The infrastructure needs are so great that this is not a need that the public sector can meet alone. Reauthorization of the Surface Transportation Act must at least consider all potential sources for financing improvements.

Again, I appreciate having the opportunity to provide our thoughts on the pending reauthorization of the Surface Transportation Act. We look forward to participating in the hearing you intend to hold in the spring, and I hope that you will feel free to contact me if you should need any additional information before that time.

Sincerely,

for James P. Pitz
Director

Enclosure:

cc: Senator Donald Riegle

Revised August 27, 1990

PUBLIC TRANSIT AGENCY MILLAGES

System		
Alma Dial-A-Ride	Current:	1 mill
	Renewal Period:	Continuous
	Beginning:	July 1976
	Ending:	
	Funds/Yr. Est'd:	$97,650
Alpena Dial-A-Ride	Current:	.5 mills
	Renewal Period:	3 years
	Beginning:	Nov. 1989
	Ending:	Nov. 1991
	Funds/Yr. Est'd:	$90,000
Ann Arbor Transportation Authority	Current:	2.5 mills
	Renewal Period:	Perpetual
	Beginning:	1973
	Ending:	
	Funds/Yr. Est'd:	$2,747,823
Bay County Metro Transportation	Current:	.75 mill
	Renewal Period:	5 years
	Beginning:	Aug. 1986
	Ending:	Aug. 1991
	Funds/Yr. Est'd:	$1,096,000
Belding Dial-A-Ride	Current:	.5 mill
	Renewal Period:	Perpetual
	Beginning:	1976
	Ending:	
	Funds/Yr. Est'd.	$23,000
Benton Harbor Twin Cities Transportation	Current:	1.25 mills
	Renewal Period:	20 years
	Beginning:	Nov. 1988
	Ending:	Nov. 2008
	Funds/Yr. Est'd:	$65,000
Big Rapids Dial-A-Ride	Current:	up to 2 mills
	Renewal Period:	Continuous
	Beginning:	1978
	Ending:	
	Funds/Yrs. Est'd:	$128,000

System		
Branch Area Transportation Authority	Current:	.25 mill
	Renewal Period:	5 years
	Beginning:	1991
	Ending:	1996
	Funds/Yr. Est'd:	$105,000
Cadillac/Wexford Transit Authority	Current:	.4 mill
	Renewal Period:	2 years
	Beginning:	Aug. 1990
	Ending:	Aug. 1994
	Funds/Yr. Est'd:	$110,000
Caro Transit Authority	Current:	.5 mill
	Renewal Period:	3 years
	Beginning:	Feb. 1991
	Ending:	Feb. 1994
	Funds/Yr. Est'd.	$45,000
CATA	Current:	1 mill
	Renewal Period:	5 years
	Beginning:	1987
	Ending:	1992
	Funds/Yr. Est'd:	$2,381,620
CATA - Intran	Current:	.25 mill
	Renewal Period:	4 years
	Beginning:	1986
	Ending:	1990
	Funds/Yr. Est'd:	$680,000
Charlevoix County Public Transit	Current:	.25 mill
	Renewal Period:	4 years
	Beginning:	Dec. 1988
	Ending:	Dec. 1992
	Funds/Yr. Est'd:	$122,000
Clare County Transit Corporation	Current:	.3 mill
	Renewal Period:	5 years
	Beginning:	Jan. 1990
	Ending:	Dec. 1995
	Funds/Yr. Est'd:	$103,000
Crawford County Transportation	Current:	.75 mill
	Renewal Period:	Indefinite
	Beginning:	Jan. 1990
	Ending:	
	Funds/Yr. Est'd:	$150,000
Dowagiac Dial-A-Ride	Current:	1 mill
	Renewal Period:	Continuous
	Beginning:	1975
	Ending:	
	Funds/Yr. Est'd:	$30,000

System		
Eaton County Transportation	Current:	.3 mill
	Renewal Period:	5 years
	Beginning:	1987
	Ending:	1992
	Funds/Yr. Est'd:	$360,000
Gladwin City/County Transit	Current:	.5 mill
	Renewal Period:	5 years
	Beginning:	1988
	Ending:	1993
	Funds/Yr. Est'd:	$128,000
Gogebic County Public Transit	Current:	.33 mill
	Renewal Period:	2 years
	Beginning:	Oct. 1990
	Ending:	Sept. 1992
	Funds/Yr. Est'd:	$60,000
Grand Haven/Harbor Transit	Current:	1 mill
	Renewal Period:	Indefinite
	Beginning:	1975
	Ending:	
	Funds/Yr. Est'd:	$120,000
Greenville	Current:	.55-.50 mill
	Renewal Period:	5 years
	Beginning:	Nov. 1984
	Ending:	Nov. 1990
	Funds/Yr. Est'd:	$26,428
Holland Dial-A-Ride	Current:	4/10 mill
	Renewal Period:	3 years
	Beginning:	July 1990
	Ending:	June 1992
	Funds/Yr. Est'd:	$205,000
Huron Transportation Corporation	Current:	.2 mill
	Renewal Period:	3 years
	Beginning:	Oct. 1990
	Ending:	Sept. 1993
	Funds/Yr. Est'd:	$117,528
Ionia Dial-A-Ride	Current:	.75 mill
	Renewal Period:	Continuous
	Beginning:	1984
	Ending:	
	Funds/Yr. Est'd:	$30,000
Isabella County Transportation	Current:	.7 mill
	Renewal Period:	4 years
	Beginning:	1988
	Ending:	1992
	Funds/Yr. Est'd:	$325,000

System		
Ingham County (CATA)	Current:	3/10 mill
	Renewal Period:	5 years
	Beginning:	Jan. 1991
	Ending:	Dec. 1996
Jackson Transportation Authority Urban	Current:	1 mill
	Renewal Period:	3 years
	Beginning:	1986
	Ending:	1988
	Funds/Yr. Est'd:	$297,000
Kalamazoo Metro Transit System	Current:	.5 mill
	Renewal Period:	3 years
	Beginning:	Nov. 1989
	Ending:	Nov. 1992
	Funds/Yr. Est'd:	$441,000
Kalkaska County Public Transit System	Current:	.25 mill
	Renewal Period:	5 years
	Beginning:	1986
	Ending:	1991
	Funds/Yr. Est'd:	$66,000
Ludington Mass Transportation	Current:	2 mills
	Renewal Period:	2 years
	Beginning:	July 1988
	Ending:	July 1990
	Funds/Yr. Est'd:	$24,500
Manistee County Transportation	Current:	.35 mills
	Renewal Period:	Perpetual
	Beginning:	1982
	Ending:	
	Funds/Yr. Est'd:	$114,000
Marquette County Transit	Current:	.3 mills
	Renewal Period:	5 years
	Beginning:	1984
	Ending:	1988
	Funds/Yr. Est'd:	
Marshall, City of	Current:	1 mill (.33 levied)
	Renewal Period:	Perpetual
	Beginning:	1975
	Ending:	
	Funds/Yr. Est'd:	$80,242-Full $26,480-.33
Niles Dial-A-Ride	Current:	1 mill
	Renewal Period:	2 years
	Beginning:	Aug. 1990
	Ending:	Aug. 1992
	Funds/Yr. Est'd:	$80,000

System		
Ogemaw County Public Transit	Current:	.2 mill
	Renewal Period:	5 years
	Beginning:	June 1988
	Ending:	June 1993
	Funds/Yr Est'd:	
Ontonagon County Public Transit	Current:	.5 mill
	Renewal Period:	4 years
	Beginning:	Aug. 1988
	Ending:	Aug. 1992
	Funds/Yr. Est'd:	$54,000
Oscoda County Public Transit	Current:	1 mill
	Renewal Period:	5 years
	Beginning:	Jan. 1991
	Ending:	Dec. 1996
	Funds/Yr. Est'd:	$35,000
Otsego County Public Transit	Current:	.25 mill
	Renewal Period:	5 years
	Beginning:	1986
	Ending:	1990
	Funds/Yr. Est'd:	$190,000
Roscommon County	Current:	.5 mill
	Renewal Period:	5 years
	Beginning:	1987
	Ending:	1992
	Funds/Yr. Est'd:	$200,000
Saugatuck Twp. Inter-Urban	Current:	1 mill
	Renewal Period:	5 years
	Beginning:	1986
	Ending:	1991
	Funds/Yr. Est'd:	$69,000
Scottville (Ludington Mass Trans. Auth.)	Current:	1 mill
	Renewal period:	2 years
	Beginning:	Jan. 1991
	Ending:	Dec. 1993

MC:2974-5/vs

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United States Senate
COMMITTEE ON BANKING, HOUSING, AND
URBAN AFFAIRS
WASHINGTON, DC 20510-6075

November 6, 1990

Robert Morris, Legislative Director
Michigan Department of Transportation
Post Office Box 30050
Lansing, Michigan 48909

Dear Mr. Morris,

As the reauthorization of the Urban Mass Transit Act approaches next year, the Senate Subcommittee on Housing and Urban Affairs will be holding extensive hearings to consider changes that may be necessary in the program.

So that new legislation can be built on the broadest possible consensus, we are inviting you and a number of other transit experts to submit your recommendations on the most urgent changes in mass transit policy that Congress needs to consider. The focus of your paper should not only include the UMT Act but any related changes that may be helpful to other parts of the Surface Transportation Act.

We will publish these suggestions and use them to set the agenda for a major Mass Transit conference in Washington, D.C., early next year. In order for Congress to take full advantage of your ideas, we ask you to submit your suggestions no later than November 30, 1990. Also, it would be especially helpful to us for you to include an executive summary if your paper exceeds ten pages.

We look forward to hearing from you and seeing you at the conference early next year.

Sincerely,

Alan Cranston
Alan Cranston

Alfonse D'Amato
Alfonse D'Amato

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Office of
Stu. Asst.
Cochran

MICHIGAN PUBLIC TRANSIT ASSOCIATION

November 29, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

The Michigan Public Transit Association thanks you for the opportunity to comment on the reauthorization of the Surface Transportation Act. As you may know, the State of Michigan has an extensive public transportation network, with public transit systems in all but one county in the state. Since 1979 the state has required that all vehicles purchased with state funds be lift equipped in order to transport the disabled and has supported special services for the elderly and disabled with state funds.

Thirty eight communities have significant local millages to support their systems. These millages generate nearly eleven million dollars annually. Additionally the City of Detroit appropriates about fifty million dollars from its general fund annually. The federal transit dollars coming into the state during fiscal year 1989 were $53,197,602. The State of Michigan appropriates in excess of one hundred million dollars annually for the provision of public transit services. The concept of a partnership in the provision of public transit service is strongly endorsed and supported in Michigan. Our policy makers have been willing to support programs locally and have been dismayed by the gradual withdrawal of federal assistance over the past eight years.

As you prepare the reauthorization of the Surface Transportation Act, we would recommend that you be guided by the following principles for the reasons assigned to each:

- The federal investment in surface transportation should be substantially increased. At the same time parts of the federal program should be substantially restructured to encourage coordination and consolidation of the surface transportation services.

- The funding should continue to provide for operating assistance for all sizes of systems. The notion that the big

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systems only need capital while the small systems only need operating assistance is an erroneous one. The program needs to be balanced so that the decision on how to use federal funds appropriately can be made at the local level. The Section 18 program needs to be reauthorized at levels greater than in the past because of the aging in the rural population as well as effects of exurbanization in what were traditionally rural counties.

* In order to accommodate the changes which will be required to reduce the vehicle miles travelled, there needs to be a definition of public transit to allow for charter and subscription service. Shared ride approaches should be given some consideration in the tax code and insurance regulations especially for low income persons who might have to do reverse commutes to get from center city dwellings to suburban work sites.

* Encouragement of multimodal solutions can be achieved if there is a source of stable, dedicated funding which will allow local planning to support the national transportation program. Such an approach would assure the distribution of transportation dollars in a cooperative rather than competitive environment.

* Motor fuels tax increases should be used for transportation purposes and should be increased as appropriate to pay for the transportation system. If necessary, any discretionary money for projects should come from the general fund and be viewed as having national significance.

* The tax code needs to be reviewed in order to encourage private investment in public transportation projects. The Federal Reserve Report, which has been cited a number of times in testimony, should provide sufficient justification for resurrecting this discussion. Either eliminate the taxation of employer-subsidized transit passes or tax the provision of free parking. Let's give equal treatment under the law to the working poor and middle class as we do to the well compensated employee. It's not an issue of being revenue neutral it's an issue of equity and incentives.

* Federal transportation policies should require closer integration of transportation investments with housing, education, health and human services, land use and development programs. Find ways to encourage the melding of limited federal resources rather than regulations which segregate their use. Adding an incentive level to federal funding programs might go a long way to implementing such a program.

* Expansion of federal support for basic research, development, training, and human resources activities should be a

priority under this act. For too long research has been inadequately funded or funded on such a theoretical level that it has not reached the street. To ensure that it does under this act there should be an oversight committee involving operating entity officials and national science foundation appointees (TRB). Short term research and employee development should be the focus initially.

This reauthorization provides the opportunity for you to reassess transit's role in domestic policy. As we step back from the cold war we may find ourselves in a trade war. We in Michigan are aware of the effects of clinging too long to the old way of doing things but we are just as acutely aware of the effects of unfair trade practices. Just as our industries have restructured in order to compete internationally, our public policy will have to reprioritize our national goals. We are all being called on to do more with less, to do so we need to have the flexibility which the current process does not encourage. It makes sense to encourage an "intrepreneurial" attitude in the public transit field yet the enabling legislation doesn't permit it. If we are to maintain the quality of life which we inherited from our parents, we need to rekindle the spirit which they had and be bold in setting our goals. The Michigan Public Transit systems will work with you to set new goals which will benefit our nation. If we can be of further assistance, do not hesitate to contact us.

Sincerely,

Sandra Draggoo

Sandra L. Draggoo
President

SUBURBAN MOBILITY AUTHORITY for REGIONAL TRANSPORTATION
SMART
660 Woodward Avenue • Detroit, Michigan 48226 • (313) 256-8600

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November 29, 1990

The Honorable Alan Cranston
United States Senate
Washington, D.C. 20510-6075

The Honorable Alfonse D'Amato
United States Senate
Washington, D.C. 20510-6075

Dear Senator Cranston and Senator D'Amato:

Thank you for your invitation to submit comments to the subcommittee concerning the upcoming reauthorization of the Urban Mass Transportation Act. The importance of continuing a strong federal commitment to mass transit has never been more evident than it is today. Events in the Middle East have sent shock waves around the world, and have set the American economy back on its heels. Another round of fuel price increases could put the creeping recession into high gear. Fuel shortages could plunge the Country into another 1980s-style depression.

Iraq's Saddam Hussein, taking a page from the World War II history books, has clumsily awakened the American military giant. But he may have also inadvertently aroused and reminded the American people, albeit by brutal and unconscionable means, of the vulnerability of our way of life to oil price shocks and potential interruptions in supply. For the third time in less than two decades, America finds its economy teetering on the brink of recession - and the nation itself on the brink of war - as a direct result of our deepening dependence on oil supplies from outside our borders. Apparently, there are some lessons in history that America finds difficult to abide.

The process of reauthorizing the federal mass transit program provides Congress with an opportunity to follow up on Mr. Hussein's wake-up call to the American people. It is an opportunity for Congress to offer its constituents a healthy and growing mass transportation industry as a viable and attractive alternative to our reckless love affair with the single-occupant automobile.

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Congress has recently taken an important step in that direction by enacting a federal transit budget for the current fiscal year which includes an increase in funding. While the increase falls short of the funding levels needed to effectively address the growing list of challenges facing the nation's mass transit operators, Congress has nevertheless demonstrated that it continues to understand the importance of this federal program.

For the Suburban Mobility Authority for Regional Transportation (SMART) in suburban Detroit, Michigan, which operates 244 standard transit buses in fixed route service, and another 100 small buses in demand-responsive paratransit service, the increase in this year's funding means that we can make some modest progress in reducing the significant backlog of buses long overdue for replacement. The average age of our standard bus fleet has now reached 11.8 years. By the end of this fiscal year, more than 180 of the 244 buses in our fleet will exceed the industry standard useful life of twelve years.

Even at the higher funding level enacted for the current fiscal year, the UMTA Section 9 formula allocation for SMART will permit the purchase of just 11 new transit coaches. With no changes in current program levels, it would take 16 years for SMART to replace the 181 buses which will have reached or crossed the twelve-year threshold of obsolescence in 1992. SMART is not alone in facing this particular dilemma, as many other transit operators in the Country have been forced to defer needed capital improvements in order to preserve as many federal operating assistance dollars as possible...just to maintain existing levels of service.

The practice of looting the capital side of the ledger to bolster operating budgets, together with the real decline in federal transit aid over the last decade, have combined to create an infrastructure problem of enormous proportions. The American Public Transit Association (APTA) estimates that the need for transit capital investment nationally will top $90 billion by the end of fiscal 1997.

As a means of attacking the sizable shortfall in capital resources, the industry has thrown its support behind a seven cent per gallon increase in the federal gas tax, earmarked specifically for transit expenditures. However, it now appears that the domestic discretionary spending cap imposed in the recently passed Omnibus Budget Reconciliation Act would block the expenditure of any new gas tax revenues for transportation, at least through fiscal 1993.

Moreover, it appears that the transit program will be forced to compete with all other domestic programs beginning in 1992 for a share of the 4% inflation adjustment over the 1991 base, plus $5 billion. While we believe that transit can make a strong case for a fair share of the $5 billion, Congress will find itself in the position of having to make excruciatingly difficult political choices among a host of critical - and popular - federal domestic programs, with almost predictable consequences for mass transit. Further complicating the situation for mass transit are the strict spending definitions in the Reconciliation Act which would label spend downs of the Mass Transit Account of the Highway Trust fund as "new" spending, and which would, therefore, be severely restricted by the spending cap.

Unless Congress and the President can agree on some sort of mid-course correction before the domestic spending cap is removed in 1994, the transit industry faces the grim prospect of three more years of real-dollar declines in federal financial assistance, and the likelihood that the deterioration of our infrastructure during the 1991 to 1993 period will have reached the point of no return. In southeastern Michigan, we may already be there. We now face a choice of using our limited capital resources to buy 11 buses (about 6% of the number eligible for retirement), or to expand the capacity of our central maintenance garage to handle the burgeoning number of buses (many of which were purchased during the Gerry Ford Administration) that will require major rebuilding in lieu of replacement.

To the extent that the full implications of the Budget Reconciliation Act - and what Congress can do about them - are not yet known, we are taking a very cautious view of the reauthorization proposal which has been advanced by the Urban Mass Transportation Administration (UMTA). A key feature of UMTA's reauthorization outline is that the formula programs in both urban and non-urban areas would be funded "primarily" from a spend down of the Highway Trust Fund and from new gas tax receipts. By definition, these actions would appear to be severely restricted by the Reconciliation Act, and the additional $1.28 billion in annual expenditures called for in the reauthorization proposal would, apparently, evaporate.

Further, we take a very dim view of UMTA's proposal to reduce the federal share of capital project costs to 60%. In southeastern Michigan, which has no dedicated local source of financing for transit, the resources do not exist to provide the additional non-federal share of capital costs. In a nutshell, we would, effectively, be denied access to even our basic formula capital allocation under the Section 9 program.

We are also deeply concerned that UMTA has, once again, proposed the elimination of the operating assistance program. While UMTA has devised a circuitous means of restoring an area's operating allocation by hold-harmless provisions and a broadened definition of transit capital, we believe that the operating assistance program, as currently defined in law, is a necessary and valid component of the federal mass transit program that does not need to be redefined, repackaged or camouflaged.

Apart from the UMTA recommendations discussed in the foregoing, there are a number of other important issues that we believe should be addressed by the subcommittee which have been formed into a set of recommendations by APTA. We believe that these recommendations (which are attached as an appendix to this letter) serve as an excellent point of departure for the pending national debate on reauthorization of the federal transit program.

We look forward to be being a participant in that debate, and to working with you and the subcommittee in the weeks and months ahead. We are confident that a new program can be crafted which will expand America's mobility options, and work simultaneously to improve our environment and reduce our dependence on foreign oil.

Once again, thank you for your invitation to provide comments on this important national issue.

Sincerely,

James L. Aho

James L. Aho
Executive Assistant to the
General Manager

RECOMMENDED PRINCIPLES FOR INCLUSION IN REAUTHORIZING THE SURFACE TRANSPORTATION ACT

Suburban Mobility Authority for Regional Transportation (SMART)

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.
- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.
- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.
- Establish a stronger multi-modal approach in planning, funding and decision-making.
- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.
- Increase reliance on a predictable formula funding using factors better reflecting transit needs.
- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.
- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.
- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

STATE OF NEBRASKA

E. BENJAMIN NELSON
[redacted]
GOVERNOR

DEPARTMENT OF ROADS

G. C. STROBEL
DIRECTOR-STATE ENGINEER

January 22, 1991

The Honorable Alan Cranston
Chairman, Subcommittee on
Housing and Urban Affairs
United States Senate
535 Dirksen Senate Office Bldg
Washington DC 20510

and

The Honorable Alfonse D'Amato
Ranking Minority Member
Subcommittee on Housing and
Urban Affairs
United States Senate
535 Dirksen Senate Office Bldg
Washington DC 20510

Dear Senator Cranston and Senator D'Amato:

It has come to my attention that the Subcommittee on Housing and Urban Affairs will be discussing the reauthorization of the transit program in the coming months. Following are Nebraska's comments regarding the transit program and the need for public transportation in a largely rural state.

The preliminary 1990 census figures show Nebraska's population at 1,572,503. Nearly one-half of the population resides in the four counties containing urbanized areas. Another 291,640 people live in the remaining 23 towns having populations of 5,000 or more. This means the remaining 535,700 people are scattered throughout nearly 75,000 square miles of land. At about seven people per square mile, gridlock is not our problem.

The census figures also show that 83 of our 93 counties lost population during the last decade. Along with the loss of population came a loss of services, such as medical, recreational and even grocery stores.

Fortunately, a large portion of the rural population lies within 50 miles of a small or a large urban city. The Section 18 program provides access to these cities, and it provides much to the well-being of the rural citizens. Unfortunately, the Section 18 funds received by the State of Nebraska only take care of about 60 percent of the operational and none of the capital needs.

We are currently using a Section 3 alternate fuels grant to purchase vehicles for the Section 18 operators. It is important, however, that a program be continued for capital purchases for rural areas, not just for the major urban capital projects.

The Honorable Alan Cranston
and The Honorable Alfonse D'Amato
January 22, 1991
Page 2

A large portion of Nebraska, approximately a 35,000 square mile area in north central Nebraska, is so sparsely settled that the largest town is less than 4,000 in population. Rural isolation is a major concern. Local transportation is nonexistent because it is not the primary need. What is needed is over-the-road intercity bus services. It is a 325 mile trip between Norfolk in the east and Chadron in the west, the only towns having commercial air service and extensive medical service. The sparse population cannot support this much needed service.

Nebraska is not unique with this problem, it is common throughout the plains states. A special federal program for intercity bus service is a definite need.

Our urbanized areas are also struggling to keep their busses running. This is common nationwide, and the urban voices will be heard but rural voices also need to be heard and require representation. The increased fuel taxes will provide additional funds for urban transit. We recognize the urban problems, and understand the need to address these problems. But, we in rural America, Nebraska, have public transportation needs which, although small in comparison, also must be addressed.

Thank you for the opportunity to present Nebraska's concerns regarding the reauthorization of the transit program.

Sincerely,

Strobel
G. C. Strobel
Director-State Engineer

GCS:DSK:z

cc: The Honorable J. James Exon
The Honorable J. Robert Kerrey
The Honorable Peter Hoagland
The Honorable Douglas Bereuter
The Honorable William Barrett
Francis B. Francois/AASHTO

For submission to the U.S. Senate Committee on Banking, Housing, and Urban Affairs, Subcommittee on Revision of Mass Transit Act

SUGGESTIONS FOR REVISIONS TO THE URBAN MASS TRANSPORTATION ACT
(IN SHORT: FINANCE TRANSIT SUBSIDIES WITH GASOLINE TAXES!)

by Prof. John Pucher
Department of Urban Planning
Rutgers University
New Brunswick, New Jersey

For the past fifteen years, I have concentrated my research efforts on the financing of urban transportation, with special emphasis on mass transit, but also with a view to the impact of the whole range of transportation policies on urban travel behavior. My earlier research focussed almost exclusively on the United States, but over the past six years, I have dedicated my research to comparative analyses between the United States, Canada, and Europe. This has provided me with an extremely valuable perspective when evaluating policies here in the United States, since it has allowed me to see more clearly the reasons for success or failure of American transportation policies relative to other countries.

I would like to avoid presenting a lengthy, detailed critique of the many aspects of the current federal mass transit act. I am sure that my esteemed colleagues Prof. Martin Wachs of UCLA and Prof. Gordon Fielding of the University of California Institute of Transportation Studies will provide you with a comprehensive list of suggestions for improvement. Instead, I would like to concentrate my comments here on the need to coordinate mass transit policies with federal policies toward highways and automobile use, particularly in federal financing of transportation programs.

My overriding priority in any revision to the Urban Mass Transportation Act and the related Surface Transportation Act is that automobile users be assessed charges, fees, and taxes that fully reflect the social, environmental, and economic costs they generate. Currently, auto use in the United States is vastly underpriced and massively subsidized at virtually every level of government. As long as this is so, subsidies to mass transit will continue to be ineffective. Only by introducing policies that assess auto users the full costs of their decision to drive will the current distortion in travel behavior be remedied. Simply subsidizing mass transit--even at two or three times the current levels--will have very little impact on improving transportation in the United States. Without eliminating the massive subsidies to auto use, transit subsidies will continue to produce disappointing results, no matter how much fine-tuning is done to improve the transit subsidy program itself. The key to solving the transportation problem in the United States lies not in large increases in mass transit subsidies, but rather in fully pricing auto use.

In the United States, massive subsidies to highway construction and automobile use have encouraged almost universal auto ownership. Subsidies to auto use take many forms, some of which are so indirect and so hidden that they are not even perceived as subsidies. The provision of employee parking as a tax-free fringe benefit, for example, represents a subsidy to auto commutation variously estimated to range from $12 billion to $50 billion per year. Likewise, auto drivers do not bear the social, environmental, and external economic costs of driving--such as pollution, noise, and congestion--and thus are implicitly subsidized by the amount of this underpricing. Allowing auto drivers to evade these social and environmental costs represents an enormous subsidy to auto use. One study, for example, estimates that the subsidy exceeds $300 billion per year, amounting to $2,400 per passenger car. Even the direct subsidies to auto use are considerable. In 1985, for example, governments at all levels combined financed $52 billion of expenditures on roadway construction and maintenance. Although $36 billion of this total was financed through user charges, the remaining $16 came out of general tax revenues and represented a direct subsidy.

What does all this have to do with the revision to the Surface Transportation Act and the Urban Mass Transportation Act? Obviously, one of the most important aspects of any federal act is how the programs it authorizes should be financed. Currently, only about a third of federal transit subsidies are financed by proceeds of the federal charges on auto use. There are many good reasons for increasing this percentage, preferably to 100%. This might be done either through increases in the federal gasoline tax or imposition of a federal sales tax surcharge on new car purchases, possibly limited to cars in the luxury class or those with especially low fuel efficiency. This would provide convenient financing for mass transit subsidies, and thus remove the burden from general federal revenues. Moreover, such surcharges on auto use and ownership would increase the cost of auto use relative to transit use and thus greatly encourage more use of mass transit.

I would like to emphasize just how underpriced auto use currently is in the United States. Gasoline prices here are only about a fourth as high as in Western Europe, and the price differential is almost totally the result of much higher taxes on gasoline in Europe. The higher gasoline price in Europe is NOT the result of differences in the base price of petroleum. It is the result of deliberate policies by European governments to take into account the extremely high social and environmental costs of auto use. Likewise, sales taxes on new cars in Europe are MUCH higher than in the United States, averaging about 25% in most Western European countries, but ranging all the way up to 186% in Denmark!

If you REALLY want to make transit work, if you REALLY want to make auto use more socially and environmentally responsible, if you REALLY want to do something to reduce auto congestion, air pollution, noise, etc., then by far the most effective solution is to assess tax surcharges on auto ownership and use, whether in the form of a gasoline tax or auto sales tax. At the same time, the proceeds of such taxes provide ideal sources of funding for the mass transit subsidies needed to provide travel alternatives for those current auto users who decide to switch to mass transit as a result of more expensive auto use. This increase in taxes on auto use should be a permanent part of the federal urban transportation act.

Not only would an increase in the gasoline tax greatly help mitigate the entire range of urban transportation problems, it would also provide a number of other benefits. Economists estimate, for example, that a 10-cent per gallon increase in the federal gasoline tax would reduce the U.S. trade deficit by about $1.5 billion per year and reduce the federal budget deficit by almost ten billion dollars. Moreover, the Institute of International Economics estimates that a large gas tax increase would so improve the federal budget situation that interest rates would decline substantially, offsetting whatever negative effects such a tax increase might have on economic growth, thus causing yet further cuts in the federal budget deficit. Although hikes in the gasoline tax are bound to be unpopular in the United States, there is probably no other change in public policy that would improve so dramatically the urban transportation situation in the United States, and at the same time, have such positive impacts on the budget situation of the federal government.

CDTA

November 28, 1990

Hon. Alfonse D'Amato
United States Senate
Committee on Banking, Housing and Urban Affairs
Washington, D.C. 20510-6075.

re: Urban Mass Transportation Act Reauthorization

Dear Senator D'Amato:

Your October 18 letter invited me to provide you and Senator Cranston recommendations on the reauthorization of the Urban Mass Transportation Act. I have consulted with the Members of the Authority and our staff concerning their views in this matter as well. We at CDTA appreciate Congress' recognition of the importance of mass transit by allocating increased funding for transit for federal fiscal year 1991.

To begin with, we would like to point out that from our own perspective, the programs of the UMTA Act are being implemented by the Urban Mass Transportation Administration in a professional and conscientious manner. While at times, we have disagreed with the level of transit financing, we feel that the UMTA staff have always been quite responsive and helpful to us.

Our major observations about the federal aid transit program are as follows:

1. Since the last reauthorization of the program, transit systems have been called upon to greatly expand the mobility opportunities of groups which have historically been disenfranchised from full participation in society. Although this is a laudable goal, it comes at a high price. We have dramatically increased our spending on our services to the disabled community and face the prospect of even larger expenditures in the future. If there is to be a national commitment to the mobility of all Americans, it should be accompanied by sufficient financing.

   We have a specific concern, for example, that the recently-enacted Americans With Disabilities Act will require substantial increases in our services to the disabled community at a time when governments at all levels are either reducing their financial commitment to transit or maintaining them at current levels. Like other transit systems we

Robert G. Lyman ✓
Chairman
Albany County

Bernard A. Fleishman
Vice Chairman
Rensselaer County

James W. Cramer
Secretary
Rensselaer County

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Treasurer
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Thomas H. Clements
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Joseph [illegible]
Schenectady County

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Albany County

Gordon H. [illegible]
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Dennis J. Fitzgerald ✓
Executive Director

Michael G. Breslin
General Counsel

CAPITAL DISTRICT TRANSPORTATION AUTHORITY
110 Watervliet Avenue Albany, N.Y. [illegible]

fear we may face the difficult choice of reducing service or increasing fares to existing riders to meet mandated levels of service to the disabled community.

2. We recognize that the local land use planning procedures are beyond the scope of the reauthorization of the UMTA Act. We also believe that the nation's goals of better and more cost effective mobility for everyone will not be fully accomplished until a way is developed that combines the land use and transportation planning processes at the local level. We therefore recommend that you seek opportunities, perhaps through changes to planning requirements, to foster and hasten this development as the reauthorization process unfolds.

   Allied with this, we feel that the planning process for major highway capacity improvements should recognize explicitly the congestion mitigation benefits of transit service. To that end, we recommend that a study of alternate methods of congestion reduction be performed on all such projects. Specific measures such as the development of park and ride lots at highway interchanges should be more formally evaluated prior to constructing additional highway capacity.

   As a minimum, government should consider acquiring and setting aside property near highway interchanges for future use as park and ride and shared ride services.

3. Section 13-c of the Urban Mass Transportation Act provides for the protection of workers who might be affected adversely by projects receiving federal financing. The current statute and subsequent regulations require that grantees and labor organizations negotiate an agreement to assure that labor's interests are protected. This essentially gives labor organizations veto power over any project. It has hindered compliance with federal policy and methods of providing service. We would prefer a situation in which there is a presumption that the interests of workers are not adversely affected unless some party can demonstrate that they are.

4. The reauthorization process may present an opportunity to provide a level playing field for consumers in their choice of travel mode for work-related trips. At present, employer-provided parking is a deductible business expense while

financing of the transit service of employees, beyond $15.00 per month, is not. We realize that you had previously advanced a proposal to permit higher levels of employer-financed transit service to be excluded from the computation of taxable employee income and urge you to reintroduce this.

5. There has been considerable discussion and regulation concerning the use of alternate fuels (compressed natural gas, methanol, etc.) in transit buses. We feel that the clean air goals of such programs are laudable. However, the rules treat transit as part of the problem of clean air, not part of the solution. We propose that the federal government establish clean air performance standards for each urbanized area and leave the methods of compliance to elected officials within the area. This would provide more local control and would enable the standards to be achieved more efficiently.

6. At present, part of the capital assistance programs are distributed on a formula basis with part of it distributed at the discretion of the Secretary of Transportation. We feel that a large discretionary program works to the disadvantage of urban areas such as our own, since we do not contemplate major investment in rail projects in the foreseeable future. While we understand the need for a discretionary program to meet the special needs of certain localities from time to time, we feel that more funds should be appropriated in a formula basis.

I appreciate the opportunity to share with you our views on the reauthorization of the Urban Mass Transportation Act. The programs financed through this Act have made a considerable impact in the mobility of people in the Capital District. We urge that the Act be reauthorized with consideration of the changes discussed above.

Should you have any questions on this, please feel free to call me at (518) 482-1167.

Very truly yours,

Bob Lyman

Robert G. Lyman
Chairman

ENVIRONMENTAL DEFENSE FUND

257 Park Avenue South
New York, NY 10010
(212) 505-2100

December 13, 1990

Senator Alfonse D'Amato
Senator Allan Cranston
Senate Banking, Housing and Urban Affairs Committee
535 Dirksen Senate Office Building
Washington, D.C. 20510

RE: Mass Transit

Dear Senator D'Amato and Senator Cranston:

We understand that the Senate Banking, Housing and Urban Affairs Committee is receiving comments on mass transit proposals. We write as a New York-New Jersey Coalition of environmental, civic, consumer and transit rider groups concerned with federal transportation policies. Our joint goals are to see that those policies promote clean air, reduced fossil fuel consumption, mobility, thriving local economies and the use of efficient forms of transportation.

This letter offers four recommendations within the context of consideration of the Surface Transportation Assistance Act of 1991 and related statutes:

1. Mass Transit Funding

The amount of federal funding for mass transit should increase significantly. Increased use of mass transit can contribute to national efforts to reduce wasteful use of fossil fuels and to improve urban air quality. The federal share of mass transit capital improvements in this region has been declining. This should be reversed. Mass transit funding should be based upon ridership levels. The formulas for Section 9 grants should be reworked to make mass transit passenger miles travelled the predominant factor for apportionment of funds between modes and between transit agencies. Other than increasing funds directly appropriated for mass transit, the Congress could increase such funding via the proposals described below.

2. Transportation Flexibility

The Surface Transportation bill should give states more flexibility in how and where highway funds are spent. The U.S. Department of Transportation (DOT) is planning to provide increased flexibility in the transferring of funds from the urban-rural system to mass transportation, but despite the call for a Transportation System of National Significance in *Moving America*, the Administration is not planning to have such flexibility with the Highways of National Significance system. This is a major shortcoming of DOT's proposal. Flexible funding must of course permit the use of highway funds for mass transit, but not the use of mass transit for highways.

3. Funding Allocation

The Surface Transportation bill should alter the allocation formulae to encourage states and metropolitan areas to increase mobility, i.e., decrease vehicular miles travelled (VMTs), while increasing use of mass transit, bicycles, high occupancy lanes and carpools. More specifically, the basic allocation formulae should make grants to the states based on two factors. The first is the comparative performance in controlling rates of growth of or actually reducing VMTs, i.e., the more VMTs are reduced, the higher that state's portion of the total fund. The second factor would be total passenger miles travelled (PMTs). PMTs should measure transit, bicycle and carpool passenger miles. If techniques to measure PMTs accurately are not yet adequate, they should be developed expeditiously, and population could be used as a factor in the allocation formulae on an interim basis. The formulae should be written such that they reward those states the most that do the most effective job in reducing VMTs in relation to total PMTs by increasing use of mass transit, carpooling, development controls, congestion pricing or other means. At a time when the U.S. is spending much too much on imported oil and its large urban areas are suffering from smog and traffic congestion, this kind of reallocation would have enormous long-term beneficial economic and social consequences.

4. Employer Commutation Payments

The Internal Revenue Code currently allows employers to pay for employee parking without such payments being included in employee taxable income. The IRS authorizes a maximum of $15 per month for employer-paid transit payment. This discrepancy constitutes a multi-billion dollar subsidy of automobile commutation. The discrepancy should either be eliminated altogether or the subsidies should be put on an equal footing. We offer one version of the latter approach: Commencing in 1992, the maximum eligible parking payment could be capped at $100 per month per vehicle. (There could be an exception for any vehicle carrying four or more employees as part of a state DOT certified, employer-operated carpooling or van program. In this case, the maximum for such vehicle would be $200 per month.) Commencing in 1992, the maximum employer mass transit payment for employee use of bus, rail or subway, excludable from employee gross income, would then become $100 per month.

Either approach - eliminating preferential tax treatment for parking benefits or putting transit benefits on an equal footing - should be revenue neutral - or even generate revenue for the federal treasury. At the same time, federal tax policy would cease an unwarrented preference for the automobile over transit.

We look forward to your comments on our recommendations and would like to explore them with you further.

Yours very truly,

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Fred Kent, President
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Metropolitan Transportation Authority
State of New York

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Telephone: 212 878-7000

December 14, 1990

Hon. Alan Cranston
Hon. Alfonse M. D'Amato
Subcommittee on Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Senators Cranston and D'Amato:

Thank you for your recent letter asking for the Metropolitan Transportation Authority's (MTA) transit-related suggestions for next year's reauthorization of the Surface Transportation Act.

The MTA oversees the operation of the New York City subway system as well as the country's largest commuter railroads, the Long Island Rail Road and the Metro-North Commuter Railroad. Together these entities serve roughly 33% of all mass transit users nationwide, operating 6,100 subway cars and 3,600 buses within New York City and bringing over 250,000 railroad commuters to their workplaces in New York and Connecticut. In total, the MTA is responsible for moving over six million passengers each work day.

As the largest provider of public transit in the country, we believe that we have some useful ideas to add to the reauthorization debate. We are hopeful that by working together on shaping such legislation, the final act will accurately reflect the changing mobility needs of the country and the MTA region.

Of primary importance to us is the need for the reauthorization process to more fully integrate transit goals with other critical national goals and provide real resource support for addressing them. For example, the final act must clearly demonstrate and articulate public transit's major role in:

- Improving the country's economic strength through a coordinated transportation network. Getting people to their work locations in an efficient manner is crucial for maximizing our nation's productivity.

- Reducing severe highway congestion in cities and suburban America -- a condition that not only adds to existing pollution, but adds billions to the cost of doing business.

Members of the Board

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- Reducing the nation's dependency on foreign energy sources -- a matter whose importance has only been recently re-elevated to a matter of national urgency.

- Assisting state and local governments in meeting stringent federal air quality and disabled accessiblity mandates.

- Providing targeted expenditures for much needed infrastructure renewal at a time when the economy's condition requires stimulus.

The reauthorization process becomes even more important in light of the passage this past session of the Clean Air Act and the Americans with Disabilities Act (ADA), both of which will have significant impact on transit providers nationwide. The costs associated with their implementation on public transit systems will be substantial, stretching already limited capital and operational dollars. As the reauthorization is crafted, consideration should be given to the increased costs of this legislation.

Over the last two years, the MTA has worked very closely with other transit providers and national transit groups such as the American Public Transit Association (APTA) to formulate what we believe would be the ideal reauthorization. The Transit 2000 (T-2000) Task Force Report, issued in November of 1989, outlines such a program.

While the current federal budget situation and the limitations imposed on domestic spending by the new Budget Enforcement Act will prevent the immediate attainment of the $11 billion UMTA program envisioned in the T-2000 report, significant increases in transit funding over the next five years are nonetheless possible and can provide for the phased-in realization of the T-2000 plan.

The attached material outlines some of the ideas we would like to see included in the reauthorization, in terms of program structure, the MTA's own needs and technical changes to the Act.

We expect that as the debate gets underway during the 102nd Congress, we will have additional suggestions which we would like to share on an ongoing basis with the Subcommittee.

Again, we thank you for the opportunity to share our ideas with you and we look forward to working with you next year.

Sincerely,

Robert R. Kiley
Chairman

Basic Program Overview

Length of Act - The MTA strongly recommends that any reauthorization be enacted for a period of no less than five years. Such has been the case with the last reauthorization and it has worked well. A two or a three year program would promote uncertainty in the funding of long term transit projects and may in fact do harm to the nation's overall transportation goals by limiting comprehensive planning and focusing investment on short term commitments.

Funding Level - An $11 billion annual UMTA program was envisioned in the T-2000 Task Force report as being ideal for addressing current needs and moderate system expansion. Between $6 billion and $8 billion was identified as the minimum annual level of federal support necessary to meet the reinvestment requirements of existing systems; to continue major new projects already in advanced stages of development, and; to fulfill federal mandates under the Clean Air Act and Americans with Disabilities Act.

However, the current federal budget dilemma calls into question the potential of moving directly to an $11 billion program in the next year or two. It does not, however, preclude substantial increases in transit funding during that period, nor the potential of reaching the T-2000 goal within this next reauthorization period.

An undeniable and immediate need for $6-8 billion in direct and essential transit reinvestment remains. Such a funding level is easily justifiable, not only in terms of need, but in terms of history. In 1981 the federal transit assistance program stood at a level of $4.6 billion. If it had not been cut back by over 50% during the last decade, it would, if adjusted for inflation, be worth nearly $7 billion today.

But even such a level would reflect an outdated vision of the role of public transit in reaching national goals such as energy conservation, economic development and clean air. In order to facilitate transit's role in attaining those goals, as well as take into account the demographic and transit usage changes that have occurred during the last 10 years, greater resources are needed.

This leads us to propose a two faceted program. The first part would be a Transit Reinvestment Program to address the $6-8 billion bottom line reinvestment needs. The second would consist of a flexible use program of some $3-5 billion that would allow for more flexible means of funding transit growth in the context of highway/transit priorities. Such a program would provide for integrated long-term transportation planning and investment -- goals that are consistent with the National Council of Public Work's call for a coordinated doubling of infrastructure investment by the year 2000.

MTA-Specific Needs

A transit network that comprises 2,000 miles of track and transports 6 million riders each workday is an extremely valuable national asset -- one that requires substantial and ongoing reinvestment. Restoring and maintaining it properly is the most fundamental requirement for meeting future regional transportation needs.

The MTA's existing capital program has provided for new and overhauled subway cars, track replacement and improved maintenance facilities, all of which have helped annual subway ridership grow by 8.5 percent between 1982 and 1989 (from 989 million in 1982 to 1.073 billion customers in 1989).

Investments in new coaches, locomotives and track beds have improved the reliability of the MTA's two commuter railroads and have contributed to an increase in ridership of 10.8 percent, from 118.5 million in 1982 to 131.3 million in 1989. These milestones would have been unthinkable without continued capital reinvestment and federal participation.

Despite major accomplishments, there remains a sizable amount of capital work left to restore the entire MTA network to a state of good repair. The MTA's recently published "MTA Capital Needs and Opportunities 1992-2011" (copy attached) identifies and quantifies those needs for the next 20 years.

For the MTA to attain a state of good repair; maintain normal replacement cycles for system components, and; make some system improvements that reduce congestion and travel time, the cost is estimated at $2.4 billion annually. These basic needs would require that the federal share of the MTA capital program rise from approximately $400 million per year to roughly $900 million per year. A federal "Transit Reinvestment Program" of between $6 and $8 billion, closely resembling the existing UMTA program, would help satisfy this need.

Much as today's UMTA program does, a Transit Reinvestment Program would provide for funding of both urban and rural programs and would support new starts, rail modernization, procurement or rehabilitation of existing rolling stock, bus capital projects and operating assistance in some form.

Ideally, it would distribute federal assistance based on a set formula basis, providing transit planners with a more predictable set of numbers to develop long term goals and objectives. A formula program also provides less opportunity for manipulation by applicants of the viability and need for a particular project.

The federal matching share of transit programs, such as Sections 3 and 9, should be on a level playing field with highway funding matching percentages. This would prevent state transportation planners from having to decide between highway and transit projects based on which leverages more federal dollars.

Operating Assistance should, of course, continue in some form, perhaps as a maintenance and parts program to ensure the viability and serviceability of equipment purchased with federal dollars.

The final reauthorization should allow for the use of Highway Trust Fund Mass Transit Account funds to be used for operating assistance or maintenance and parts assistance (or whatever it may be renamed), in addition to monies appropriated from the general fund to assure full funding for the operating assistance element of the program.

The reauthorization should also make sure that it fulfills a major commitment that was made to the MTA in the current Surface Transportation Act under the Interstate Transfer (Transit) program. We must be assured that the monies that New York was designated under the trade-in of the Westway project back in 1983 are in fact provided. An authorization for the spend down of the monies set aside for the MTA should be included in any reauthorization bill, possibly from the highway account of the Highway Trust Fund.

Beyond basic reinvestment needs, the MTA has identified between $13 and $16 Billion worth of long-term expansion projects over the next 20 years to meet future mobility needs. As mentioned earlier, a flexible use program for major highway and transit capacity expansion projects could help provide the federal share of the cost of their construction.

Some of the MTA's system expansion ideas include providing Long Island Rail Road customers with access to the east side of Manhattan, which would shorten travel times, attract new riders and alleviate pressure on the already over-crowded Penn Station. Subsequently, Metro-North commuters, all of whom are now brought to Mahattan's east side Grand Central Terminal, could be provided with direct west side access through a west side rail link.

Another key regional project that could be completed with flexible use dollars would be the provision of multi-modal access to a rail link between JFK and LaGuardia airports as well as between both airports and Manhattan.

Flexible use funds would also allow the MTA to more fully address suburban and reverse-commute travel. A cross-Westchester link tying in Stewart Airport could reduce highway congestion as well as airport congestion at LaGuardia and JFK. Improvements in bus-rail links on Long Island, such as creating inter-modal transportation "hubs" could become reality with a more flexible funding source.

Additional funds could assist in the completion of an east side subway line under Second Avenue in Manhattan to relieve congestion on the region's most congested transit corridor. Short segments of such a system were partially constructed in the early 1970s, but abandoned during the City's mid-1970s fiscal crisis.

A trans-Hudson subway and/or rail connection (provided in conjunction with New Jersey Transit and the Port Authority of New York and New Jersey) could also provide substantial mobility benefits the 13 million people within the MTA service region as well as the 4 to 5 million additional people in surrounding counties.

To accomplish these system expansion projects, the MTA would require at least $400 million annually in new federal resources over and above what we have identified as basic reinvestment needs. The ideal national level for such a flexible use program would be in the neighborhood of $4 Billion per year.

Finally, it is also worthy of note that a flexible use program could help states and localities satisfy the conformity provisions of the Clean Air Act, by providing funding for substitute transportation projects that "conform" to emission allowances planned for in a State's State Implementation Plan (SIP). For example, the monies could be used by states or localities to implement any traffic control contingency strategies that are included in their SIP, but which have no other source of funding.

Revenue Sources

The MTA strongly believes in the continued and increased use of dedicated revenue sources for transit programs. The prime example of a well utilized dedicated revenue source is the gas tax which has, until this past year's budget agreement, been used solely for transportation related purposes.

The T-2000 study relied primarily on a 7 cent increase in the federal gas tax dedicated solely to the Mass Transit Account of the Highway Trust Fund to fund its reauthorization goals.

The existing federal budget agreement raised the gas tax by 5 cents as of December 1, 1990, with half of that amount dedicated to deficit reduction and the other half to the Highway Trust Fund (HTF). One half of one cent of the HTF portion is set aside for the Mass Transit Account, even though no authorization exists for those monies to be spent.

Despite the fact that Congress might be fearful of tapping the gas tax again for revenue, we believe that there is sufficient justification to do so. We also believe that the monies already being collected from the one half cent tax should be authorized for immediate use. And although the Budget Enforcement Act would place some obstacles in the way of expanding the amounts that could be raised and spent for domestic programs at least during the next two years, we are still commited to working toward the T-2000 goal of a 7 cent gas tax, all of which would be dedicated to the HTF Mass Transit Account.

A way to soften the impact on the price of gasoline may be to increase the gas tax by 1 cent for each 2 cents the price drops in real terms over the next five years, using a specified baseline price figure. The American public and the transportation industry would therefore share the reduction in the price of fuel and there would be tangible transit infrastructure created by the end of the five year period.

Another source of program increase could come from spending down the existing Mass Transit Account Trust Fund balance, which could be used to phase in increased program levels until the gas tax kicks in.

Miscellaneous Issues

Other facets of federal policy should be examined during the reauthorization process to assess their impact on transit. Some basic concepts, such as: simplifying red tape associated with applying for federal funds; shortening the length of time it takes to make funding decisions; reviewing inflexible "labor protection" constraints, and; eliminating inefficient mandates, need to be revisited in the reauthorization process.

More needs to be done to eliminate the differences between federal and state procurement procedures. Conflicting aspects of such procedures add time and confusion to purchasing rolling stock and materials where federal and state monies are used.

There is also undue federal oversight in project selection -- such as mandating "plans" on every aspect of the system.

There are other matters, outside of the reauthorization process, that discourage the efficient use of public monies for transit purposes. Nevertheless they should be acknowledged by the reauthorizing Committees and brought to the attention of those Committees with appropriate jurisdiction:

Federal Tax Code - The federal tax code is a perfect example of federal policy that has in the past promoted auto use at the expense of public transportation.

One highly visible change that should be made is the elimination of the taxation of employer-provided transit subsidies. Employers can provide tax free parking spaces to their workers. In New York City, where parking can cost as much as $550 per month, this translates into a $6,600 non-taxed benefit. On the other hand, an employer is limited to $15 per month in terms of offering a tax-free transit pass to an employee. If the employer offers anything exceeding the $15 limit, the entire amount is considered a taxable benefit. Clearly this is inequitable. Auto and public transit subsidies should both be treated equally under the code.

Municipal finance - The MTA supports the removal of certain restrictions on tax-exempt issuers' access to municipal markets, restrictions which inhibit the effective use of local resources:

Arbitrage rebate relief was contained in the 1990 reconciliation act, but the act also contained an unnecessary distinction between "construction" projects and "acquisitions". Many major equipment acquisitions for transit properties are prefunded with bond proceeds and delivery schedules can require progress payments over many months. The distinction between these categories of capital expenditures should be eliminated.

Another suggestion for arbitrage rebate relief concerns debt service reserve funds, bondholder protections which are generally critical to the issuer's ability to market the bonds. The reserve funds should be exempted from the rebate rules if the issuer elects to pay an up-front rebate charge.

The concept of involving private enterprise in public concerns (privatization) has enjoyed wide support both in Congress and with the White House. However, many elements of the tax code undercut privatization efforts. For example, current tests distinguishing "governmental" from "private activity" bonds should simply not apply to certain facilities that meet a public need. If a project provides public benefits, it should be eligible for tax-exempt financing, whether owned and operated publicly or privately.

Major transportation systems also find it increasingly difficult to find adequate insurance coverage, which is critical to their ability to operate. A specific exclusion should be provided from the tax code's "hedge bond" provisions for bonds issued for self-insurance purposes by public entities.

Finally, the MTA supports measures that preserve individual and corporate demand for municipal securities, such as the current 2% de mininis rule.

Procedural and Regulatory Issues

There are a number of UMTA procedural and regulatory issues that cause the MTA some concern. Perhaps they could be rectified during the Reauthorization process:

Federal Oversight - federal oversight could be reduced in proportion to a recipient's program contributions from local funding sources. Recipients who have developed comprehensive capital programs that are less than 50% federally funded should be exempt from federal regulations to the extent that comparable State regulations can be followed. The term "comprehensive capital program" means a total program of projects undertaken by a grantee within a consecutive five year time period for which the non-federal funding is equal to or greater than the anticipated federal funding.

UMTA circulars - UMTA has issued many circulars that are not routine managerial and program issues, using the circular method for promulgating policy. It would be helpful to the MTA and the transit industry as a whole if UMTA were required to use the Federal Register and the NPRM process for general policy changes.

Section 9 (e) (3) certifications - we recommend that Section 9 (e) (3) be expanded to incorporate all required certifications. Examples include Drug-Free Workplace, control of Drug Use in Mass Transportation and Lobbying Activities. These certifications should be incorporated into the single Certification and Standard Assurance which would be submitted annually as part of the Section 9 application. UMTA should also be required to publish an annual list of all required certifications.

Section 5 (b) (1) - the statutory language under Section 5 (b) (1) and 9 (m) (1), designating recipients in accordance with the Section 8 Planning Process be retained. Responsible local officials and transit operators, acting within the MPO structure, would constitute a logical decision making body for the purpose of dividing federal highway and transit funds apportioned to localities under the UMT Act.

Procurement - we recommend that the statute specifically exempt procurements funded by a recipient's operating budget from federal procurement regulations. The federal component of a recipient's operating budget is generally small, therefore State procurement regulations should logically apply to regional transit authorities, as well as states.

Force Account Work - the statute should treat private and public transportation providers evenhandedly by not requiring special justifications for the use of an operator's labor forces to advance approved in-scope grant activities.

Project Inventory - a grantee's obligations regarding project inventory under satisfactory continuing control should be clarified. Specifically, the statute should require an inventory only of federally-funded vehicles, with items such as track, signals and shop equipment assumed to be in transportation service so long as the line or facility is operational.

Section 9 (f) (3) - this section should be amended to delete the term "...submit comments on the performance of the recipient." Comments should be directed to the proposed program of projects.

Section 9 (f) (4) - the provisions of this section dealing with affording an opportunity for a public hearing, should apply to other sections of the Act, such as Section 3.

Section 9 (e) (2) - a moderate overprogramming of projects should be allowed directly in Section 9 (e) (2) of the statute, not just in UMTA circulars. Under the Program of Projects, the statement "A grant may be made under this section to carry out, in whole or in part, a program of projects" should be retained.

Advance Construction - the provisions in Section 9 addressing Advance Construction should be amended to provide that recipients should only have to have applied for and received all Section 9 funding apportioned to it as a condition for obtaining Advance Construction Authority. The current language requires that all funds be obligated by the recipient. The statute should explicitly state that no federal guarantee of funding is implied in this section in order to permit tax-exempt financing of the advance payments.

Reporting requirements - reporting requirements under Section 15 should be commensurate with the value of data collected in relation to the burden of data collection.

STATE OF NEW YORK
DEPARTMENT OF TRANSPORTATION
ALBANY, N.Y. 12232

FRANKLIN E. WHITE
COMMISSIONER

November 30, 1990

Hon. Alan Cranston
United States Senate
Subcommittee on Housing
and Urban Affairs
Washington, DC 20510-6075

Hon. Alfonse D'Amato
United States Senate
Subcommittee on Housing
and Urban Affairs
Washington, DC 20510-6075

Gentlemen:

Thank you for your invitation of November 6 to submit to the Housing and Urban Affairs Subcommittee recommendations on changes in Federal mass transit policy. Enclosed is a paper summarizing the New York State Department of Transportation's preliminary recommendations on reauthorization of Federal mass transit programs.

As a state that relies heavily on mass transit services to meet the travel needs of our citizens, especially in the New York Metropolitan area, where highway capacity is already severely strained, we have a vested interest in Federal transit funding programs. New York State and its localities now provide over two-thirds of the total governmental funding for transit, a reversal from the early 1980's when Federal transit assistance comprised two-thirds of all transit aid. The Federal share of the funding partnership must be strengthened to ensure that essential transit facilities are rehabilitated, services maintained and capacity expanded to help ease growing traffic congestion and contribute to improved air quality. The economic and environmental health of our cities depends upon it.

If this Department can be of assistance to your subcommittee in its deliberations on Federal transit reauthorization legislation, please let us know.

Sincerely,

Franklin E White

Franklin E. White
Commissioner

Enclosure

AN EQUAL OPPORTUNITY/AFFIRMATIVE ACTION EMPLOYER

THE NEW YORK STATE DEPARTMENT OF TRANSPORTATION'S RECOMMENDATIONS FOR THE NEXT FEDERAL MASS TRANSPORTATION ACT

November 30, 1990

The next Federal Mass Transportation Act must balance the need to continue in a state of good repair the transit facilities and equipment in which large Federal, State and local capital investments have been made with the need to continue and expand services needed to meet changing and growing travel needs of our urban and rural areas in the 1990's and beyond. The program should support the goals of providing stable, predictable funding and increased flexibility in the use of funds so the unique needs of each area and changing economic, social, energy and environmental conditions can be met. Federal mandates which address laudable and completely supportable objectives but which place additional costs on transit, such as the Americans with Disabilities Act and the Clean Air Act, must be accompanied by increased Federal funding since without such funding they result in reduced services, increased fares and deferred maintenance to the detriment of the transit users to be served and the return received from the investments made in the transit systems.

Unlike the Federal highway program, where the imminent completion of the Interstate highway system will require a major change in program emphasis in the next Surface Transportation Act, the Federal transit program is not at such a juncture. The Federal transit program is still far from completion of the rebuilding and rehabilitation of existing metropolitan transit systems constructed earlier in the century. The program is also only partially along in constructing new transit systems in several cities to ease traffic congestion and improve mobility. With these Federal priorities only partially achieved, major changes in the Federal transit programs do not appear to be needed. In general, they have been working very well to achieve national transportation, energy conservation and environmental goals although the funding levels have been insufficient to reach reasonable accomplishment levels and the program emphasis needs adjustment. An increased emphasis needs to be given to the requirements of the heavily used systems in the largest urban areas, which are citically dependent on a high volume, quality transit system. These areas also offer the greatest return from transit investments in terms of retention and growth potential of ridership. Furthermore, the Federal transit program needs to give increased emphasis to solving or at least easing urban and suburban congestion problems, with their attendant waste of energy and damage to air quality and public health.

Following are brief discussions of several priority issues that should be addressed in the next Act, and some specific recommendations for changes.

Provide Sufficient Funding to Maximize Return From the Investments Already Made in Transit

The next Act should continue to provide the majority of available funding for rehabilitating and maintaining current transit systems. The existing Section 9 formula, which distributes funds on the basis of transit system characteristics, should be retained as the basis for apportionment.

While provision of capital assistance should continue to be the primary emphasis of Federal transit programs, there must also be a Federal role in maintaining the capital facilities and rolling stock in a usable, safe and attractive condition. As a labor intensive industry, much of the cost of maintaining transit equipment is paid through the operating budget. To ensure that proper maintenance continues, Federal transit operating/maintenance assistance should be continued at least at present levels ($800 million per year).

The older rail transit systems in our nation's largest cities were built without the benefit of Federal transit aid. Many of these systems have a long way to go to reach an acceptable condition despite efforts by Federal, State and local governments to target funding for their rehabilitation and improvement. These rail systems are vital to the economy, environment and public health of the metropolitan areas they serve; help keep additional automobiles off already congested urban highways; and contribute greatly to urban mobility. They are an important element in the national effort to clean up the air in our cities. These systems carry more than 30 percent of all transit passengers nationwide. To maximize the benefits of our considerable investment in these established transit systems, special funding consideration should continue to be given to these systems through the continuation of the Rail Modernization Program. A suitable formula which reflects the extent of rail service should be developed as a predictable source of rail modernization funding.

Provide Funding and Program Flexibility to Meet Capacity Expansion Needs

Increasing traffic congestion in urban and suburban areas and the inability in many areas to build additional highway lanes for cost or environmental reasons requires that transportation alternatives to the single occupant automobile be implemented. Flexible funding should be provided, in conjunction with a similar program proposed for the Highway Act, for capacity expansion projects that improve mobility. This would include traditional transit, innovative services, high occupancy vehicle (HOV) lanes and transportation demand management strategies.

Place Transit on Equal Footing with Personal Car Use

With congestion choking many of our urban and suburban areas and with limited ability to add additional highway and parking capacity, we must make every effort to encourage the use of high occupancy modes. Currently, employer-provided parking is fully tax deductible as a company expense while an employer-provided subsidy to use mass transit is deductible only up to $15 per month. With transit fares in many cities at $1.00 or more, this is only about 1/3 of the monthly transit commutation cost. This inequity clearly places transit at a disadvantage relative to personal car use.

To remedy this situation and treat transit equally with personal car transportation, the tax deductability of employer provided transit subsidies should be raised to a minimum of $60, as proposed in HR 494 introduced by Congressman Rangel in the 101st Congress. The Senate should enact such a bill, either as a provision in the next Transportation Act or as a provision in other appropriate legislation. To the extent that transit use can be encouraged, there will be the added benefit of improving the air quality of many metropolitan areas and reducing the consumption of petroleum based fuels.

Specific Recommendations

1. Increase total funding for mass transit programs by spending down the balance in the Mass Transit Account. The $7 billion balance in the Mass Transit Account should be spent down in a fiscally responsible way to increase overall transit funding. The present revenues, including an additional $600 million or more from the 50 percent increase in revenues provided to the Mass Transit Account from the Budget Reconciliation Act, can support a $3.5 billion annual program. Even at this increased level, the current level of General Fund appropriations for transit must also be continued to provide funds needed for rehabilitation and vehicle replacement.

2. Retain and expand the current Section 9 formula program. The Section 9 program should continue to be the primary means of providing Federal transit assistance for rehabilitation, vehicle replacement and operating/maintenance assistance. Authorizations from the Trust Fund in excess of $1 billion should be distributed primarily through the existing Section 9B formula program.

3. The Interstate Transfer-Transit Program must be funded to completion. By the close of FFY 1991, only a few states, including New York, will still be owed significant sums from the Interstate Transfer-Transit Program. This program must be funded to completion in the next Act to fulfill the Federal contractual obligation to those states that chose to trade-in highway segments to make vital mass transit improvements.

4. The formula for apportioning funds to urbanized areas between 50,000 and 200,000 population should be changed to include transit service factors. Currently, urbanized areas in this group receive Section 9 transit funding based 50 percent on area population and 50 percent on population density. Thus, transit assistance received by these areas is not influenced by the size of their transit systems. Many of these cities, especially in the Northeast and Midwest, have well established, extensive transit systems that are experiencing rising use, but this is not accounted for in the distribution formula. As a result of the pending use of the 1990 census, many of these cities may show declines in population and, as a result, with the current formula, will lose vital transit aid even if transit usage is rising. Cities with rising populations, but with little or no transit usage, will receive increased Federal transit aid.

   To remedy this situation and ensure that scarce Federal transit assistance is apportioned to where it is truly needed, the Section 9 formula for small urbanized areas should include a transit service component. At least one-half of these funds should be apportioned based on bus vehicle miles of service (as is the case for larger cities).

5. Proposals to reduce the Federal share significantly will make it difficult for medium and small urbanized areas to provide the required matching shares. In particular, we support keeping the matching shares for small urbanized areas at 80/20.

6. The private, non-profit agencies that purchase vehicles for the elderly and disabled through the Section 16(b)(2) program should be permitted to lease their vehicles to a coordinated system public operator in a non-urbanized area. In rural areas, there can be many benefits of coordinating the limited public transit and human service agency transportation services, including increased service, increased vehicle utilization and reduced overall transportation costs. By allowing Section 16(b)(2)

providers to lease their vehicles to a public operator providing coordinated services, these benefits can be achieved and better service provided to the elderly and disabled. The coordination of transportation programs of different Federal agencies is an objective of the National Transportation Policy.

7. The various transit programs administered separately by the State (the Section 18 program, the Section 16(b)(2) program and possibly the Section 9 program for small urbanized areas) should be combined into a flexible program administered by the State. In cases where states take on the administration of additional Federal programs, sufficient funding for State administrative costs should be provided so that Federal assistance to transit providers would not be reduced.

8. Federal funding for Transit Planning and Research activities should be increased commensurately with the increase in the overall transit funding levels.

November 23, 1990

Hon. Alan Cranston
United States Senate
Committee on Banking,
Housing and Urban Affairs
Washington, DC 20510-6075

Hon. Alfonse D'Amato
United States Senate
Committee on Banking,
Housing, and Urban Affairs
Washington, DC 20510-6075

Dear Senators Cranston & D'Amato:

I am responding to your invitation to provide your subcommittee with recommendations on urgent changes in national mass transit policy.

These comments are made on behalf of the New York State Association of Metropolitan Transportation Planning Organization (MPO) Directors. The conference is composed of the chief executive officers of the eleven MPOs designated by the Governor of the State of New York. The MPOs are responsible for implementing the federally required transportation planning process in urbanized areas throughout the state.

We recommend that Congress support the expanded role for the MPOs in transportation planning which was articulated in USDOT's National Transportation Policy. We also recommend that Congress provide the necessary resources for planning and research so that MPOs can meet their expanded responsibilities.

Specifically, we recommend that Congress combine UMTA's various planning and research programs into a single, flexible program. This program should be funded at a fixed percent of UMTA's total program appropriation. We further recommend that the size of that percent allocation and the total UMTA program be set at a level which would result in increases to both the combined planning program and UMTA's total program. We also support the creation of a joint FHWA/UMTA Congestion Management Program. This program should be funded by both modal administrations, it should be administered jointly and flexibly, it should be multi-modal, and it should be implemented through MPOs in conjunction with the states.

You also requested suggestions for related changes to other parts of the Surface Transportation Act. I am enclosing a position statement on FHWA's PL program recently adopted by the NYS MPO Directors.

Thank you for the opportunity to comment on this important legislation. I hope you find our comments useful. We appreciate your support of the basic building block of an expanded national transportation program - MPO - based planning.

Sincerely,

Raymond R Ruggieri

Raymond R. Ruggieri
Director
Chairperson, NYS Association
of MPO Directors

RRR:sdh

Enclosure

cc: NYS MPO Directors

NYS MPO Directors Call For An Increase In FHWA PL Funds

OBJECTIVE:

To increase federal support for transportation planning consistent with evolving federal policy, expanding transportation needs, and shrinking public resources.

BACKGROUND:

Metropolitan Planning Organizations (MPOs) are responsible for implementing the federally required transportation planning process in urbanized areas. Planning is the thread that ties together competing needs and finite resources to create a rational capital program. MPOs bring together local elected officials and transportation agency heads to ensure effective and efficient decisions consistent with future needs. The recently promulgated National Transportation Policy reaffirms the important role of MPOs and calls for expanding their responsibilities. Yet the current proposal to reauthorize the Surface Transportation Act would change significantly federal planning assistance.

ANALYSIS:

The reauthorization would modify UMTA's Planning and R&D program from a specific dollar authorization to 3% of UMTA's total authorizations. FHWA's Highway Planning and Research program would change from 1-1/2% of each State's authorization to 1-1/4% for Planning and 1/2% for research - a 1/4% increase. FHWA's PL program, MPOs' primary funding source, would change from 1/2% of FHWA's total authorizations to 1/2% of the combined totals of three major programs: National Highway System, Rural/Urban, and Bridge. The PL funds available to MPOs could actually decline depending on the size of the three programs, the 1990 Census, and the number of new MPOs resulting from the Census.

The 1/2% PL figure has not changed since its inception in the 1970s while the base used to compute the size of the PL program has increased only slightly. The "planning buying power" of PL funds has declined significantly with inflation; however, demands on these funds have increased steadily. Federal requirements have expanded. FHWA plans to require MPOs to prepare Congestion Management Plans. This effort will involve extensive data collection and analysis. FHWA is looking to MPOs as the mechanism to set priorities for its flexible funding program. Local concerns over congestion and infrastructure needs create additional demands on MPOs and the planning process they support. Where will the necessary resources come from to meet these necessary planning activities?

RECOMMENDATION:

The NYS MPO Directors recommend that the PL program be funded at 1% of total FHWA authorizations.

NIAGARA FRONTIER TRANSPORTATION AUTHORITY

November 30, 1990

Senator Alan Cranston, Chairman
Senator Alfonse M. D'Amato
SubCommittee on Housing, and Urban Affairs
U. S. Senate
Washington, D. C. 10510-6075

Dear Chairman Cranston and Senator D'Amato:

Thank you for soliciting the views of the Niagara Frontier Transportation Authority as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems--nothing else does so many things so well.

On the Niagara Frontier, the NFTA's Metro Bus and Rail System carries approximately 40 million riders per year serving their work, social, health care and many other travel needs. Metro itself employs approximately 1200 employees whose $38 million in wages alone have tremendous impact on the local economy. As you may be aware, NFTA and its customers experienced a terrible financial crisis earlier this year resulting in a two day service stoppage. While community leaders recognized the role that transit plays in the economic and social life of the region and agreed to a financing plan which allowed service to resume, it is clear that the financial program is not adequate to meet either present or future fiscal needs. Further, we are still feeling the effects of the stoppage in terms of diminished public perception of system reliability. As a direct result, our revenue projections are not being realized, and we are facing a major problem in balancing our operating budget for the current and future fiscal years. Absent any additional funding, or if any funding source is eliminated, further financial crises cannot be avoided. Thus, we are striving to forge a viable local partnership to provide sound financing for the Metro System in the future. The continuation of the federal transit contribution is integral to the establishment of sound financing.

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We have communicated directly to our representatives in the House and Senate on the importance of mass transit funding to the Niagara Frontier and will continue to do so.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. Both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

However, this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched tremendously. Simply stated, we cannot addresss all the nation's transit needs without an adequate federal program.

This situation is dramatically illustrated by this year's brief shutdown of service on the Niagara Frontier. Structural funding problems persist despite actions we have taken to mitigate the situation. Our base fare has been increased from 60 cents to $1.10 over the past four years. We have been forced to reduce service and employment levels. Local revenues, including farebox receipts and subsidies cover 90% of operating expenses. Our farebox recovery ratio approximates 40%, which is above the national average, indicating that our expenses are at a reasonable level and our passengers are paying their fair share. However, the continuation of reasonable levels of public transit service in the future will clearly be dependent upon the availability of significant federal assistance.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems, including NFTA, have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

Specifically, the NFTA Metro System is appreciative of the very significant investment that UMTA has made in our transit infrastructure; however, a major capital fund deficit does exist.

The average age of our bus fleet is now approximately nine years. This is exceptionally high given the environment in which Metro operates and leads to both increased maintenance expenses and passenger discomfort. The NFTA must purchase 182 buses, costing approximately $40 million, over the next five years to bring our fleet age in line with the national average. Furthermore, we estimate that approximately $7 million will be necessary to replace an obsolete bus radio system. We view bus fleet modernization and radio system replacement as essential ingredients in an effort to retain and attract ridership by providing a safe, reliable and comfortable mode of transportation.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

Te new Budget Enforcement Act will affect your efforts to craft a new surface transportation bill; however, the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs. Initial federal cost estimates for the NFTA to provide services under the ADA exceed $2.5 million, with annual operating costs still to be determined.

We recognize and support the merit and importance of mainstreaming all Americans into the economy of this nation, that all of the citizens should have the same opportunity to participate or benefit from the federal government's investment. Furthermore, we recognize the importance to our future generations of the protection of the environment. This, too, is imperative. But we need help from the federal government to do so.

It is not possible for local communities to fully bear the burden of implementing these initiatives of national significance. The federal government must help us find a means to address such issues.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

To the maximum extent possible, the following principles should be reflected in the upcoming reauthorization of the Surface Transportation Act:

* The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

* In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services

* Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

* We strongly urge that the Congress not only authorize, but appropriate funds to the flexible Section 3 capital assistance line item that may be used for either bus or rail purposes. Appropriation of funds to this line would assist

rail systems such as ours with the financing of major capital expenses that are not eligible for either new start or rail modernization funding.

* Establish a stronger multi-modal approach in planning, funding and decision-making.

* Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

* Increase reliance on a predictable formula funding using factors better reflecting transit needs.

* Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

* An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

* The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

* Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

* Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

* Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

* Federal policies and mandates result in additional costs to transit operations and capital investments and, as such,

federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

In closing, we believe that Mass Transit, because of its impact and potential impact on such important issues as mobility, environmental preservation, energy conservation, as well as its ability to actually shape urban development patterns, should be utilized as to a major policy tool in addressing the many challenges before our nation in the 1990s. The recognition and full utilization of the efficiencies associated with Mass Transit can significantly contribute to our meeting these challenges.

Sincerely,

Richard T. Swist
Executive Director

NOTE: IDENTICAL LETTER SENT TO SENATOR ALFONSE M. D'AMATO

Parsons Brinckerhoff 100 YEARS

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J.L. Lammie
President & Chief Executive Officer

December 28, 1990

Senate Subcommittee on Housing
& Urban Affairs
535 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Cranston and Senator D'Amato:

We appreciate the opportunity to provide the Senate Subcommittee on Housing and Urban Affairs with our comments and recommendations on the reauthorization of the Urban Mass Transit Act.

Parsons Brinckerhoff is a 105 years old consulting engineering, planning, architectural, construction services firm with over 2500 employees. Headquartered in New York City, with 55 offices worldwide, the firm specializes in large, multi-disciplinary infrastructure projects, particularly in the areas of highways, bridges, tunnels and transit systems. The company is ranked as the number one transportation design firm in the U.S. by Engineering News Record, the construction industry magazine.

The company's founder, William Barclay Parsons, designed and built New York City's first subway system around the turn of the century. Since that time Parsons Brinckerhoff has had a lead role in joint venture planning, design or construction management services for transit systems nationwide and overseas, including Atlanta's MARTA, San Francisco's BART, the Pittsburgh LRT, the Metro Blue Line in Los Angeles and the Downtown Seattle Transit project. Our particular areas of expertise include preparing alternatives analyses, transit corridor studies and congestion management plans. In addition, we have had extensive experience in planning and designing bus systems, HOV facilities, multimodal terminals, transit maintenance shops and high speed rail systems. We also currently serve as a Program Management Oversight consultant for UMTA.

While we are sure you will receive numerous valuable comments and suggestions from transit agencies, state and local governments and transit industry trade groups addressing the overall federal transit policy and program, we feel that as an individual firm it might be more beneficial if we focus our comments on a few specific areas where we feel we have particular expertise.

I. The Decision Process

We fully appreciate the difficulty of the decision process which you face at a time of a critical deficit and competing national priorities. In spite of this serious competition for tax dollars and the internal lobbying by many worthwhile causes, the importance of investment in transportation infrastructure for productivity enhancement, continued viability for urban centers and the creation of jobs, must be recognized. Mobility is critical to our workforce and to U.S. industry. We recognize that mobility decisions, trade offs among highway, transit, railroads, and airports are often best done at the local level. On the other hand, the positive contribution to clean air, reduced energy consumption and lower costs resulting from increased emphasis on transit rather than automobiles is no longer a planning assumption. It is a fact and one which must weigh heavily on your decision. Also of particular importance is the need to insure a balanced federal role in all transportation modes so that local decisions are not driven toward those solutions which have the highest percentage of federal participation. We are confident that this information gathering process which you have initiated will contribute to your balanced decision.

II. Fixed Allocation of Research Funds in Support of the AA/DEIS Program

In the debate over the new reauthorization legislation, we understand serious consideration is being given by UMTA to increasing the funding for transit research and development, possibly allocating a fixed percentage of the total UMTA budget for such purposes along the lines of the FHWA program. Parsons Brinckerhoff strongly supports such a provision, given the critical R&D needs in such areas as transit safety, new technologies, and risk sharing, but we would further advocate that a specified portion of this program be allocated to technical research in support of the AA/DEIS process.

Since passage of UMTA's Policy on Major Urban Mass Transit Investments in 1976, an alternative analysis/draft environmental impact statement (AA/DEIS) has been required for all projects seeking new start funding. The purpose of the AA/DEIS is to provide a rational and informed basis for decision making for prospective new start projects by ensuring that the full spectrum of reasonable alternatives has been considered and all impacts, both positive and negative, identified. Over the past decade and a half, UMTA guidance regarding the AA/DEIS process has expanded and improved considerably. This has been done in large part, however, on an intuitive basis, without benefit of supporting research. In view of the magnitude of the new start program, the substantial cost increases incurred as a result of project delays, and the relatively embryonic state of comprehensive transportation planning, we believe that research funding in support of the alternatives analysis and decision process is urgently needed.

Numerous AA/DEIS research needs have been identified, including methods of improving ridership forecasting, development of an extensive capital cost clearinghouse, better analysis of the effect of land use and parking policy changes on future transit ridership, and more comprehensive methodologies for evaluating projects in ways that both capture all their benefits and incorporate local values. Experience to date indicates these needs will be unmet unless Congress specifically earmarks a fixed portion of UMTA's research funds for such a purpose.

III. Overmatch

As strong advocates of public transportation and good planning practices, Parsons Brinckerhoff urges Congress to review the concept of "overmatch" - the policy of favoring projects whose local sponsors provide more than the legally required non-federal share (currently 25%).

A good case can be made on both sides of the overmatch issue with respect to equity and good planning. On one hand, if a local community is willing to invest its own money (not just someone else's) in a project, that suggests the project may have strong support and great value. It may also be fairer to reward those who make a greater local effort. Furthermore, overmatch allows more projects to be built by reducing the federal commitment to a given project. It has also been suggested that a higher overmatch (greater local contributions) will represent a better local decision with a better basis of community support, and a stronger commitment to long term funding. In other words, people will be more deliberate when they "put their money where their mouth is."

However, on the other hand, a primary concern about overmatch is also its equity implications. Such a policy will obviously favor more wealthy urban areas (frequently Sun Belt cities) at the expense of those that are less affluent. As it is, UMTA's standard indices and thresholds already favor relatively affluent transportation corridors due to an emphasis on attracting new riders rather than benefits to existing riders. Further, projects in older and more fiscally-distressed urban areas--often the localities that are most transit-dependent--are also disadvantaged because the UMTA rating system does not take into account differences in costs, public sector fiscal capacity, and private sector development activity.

Another concern is the contradictory messages the overmatch policy sends regarding the transportation planning process. According to UMTA's guidance document, an alternatives analysis is to be an objective process through which a local project sponsoring agency defines and evaluates a broad range of alternatives; it is not until the very end of this process, after a public hearing, that the preferred alternative is selected. It is extremely difficult for decision makers to commit to overmatch when they do not know what "the project" is, or have a clear understanding of its beneficial and negative impacts or its degree of public support. One of UMTA's primary messages has been to encourage localities to determine what they want and need before it will make a commitment to fund the project. The overmatch incentive clearly works against this approach.

A third concern is that UMTA has not indicated how it will make judgements between projects that are cost-effective (according to UMTA's criteria) but not overmatched, and those that are not cost-effective but have overmatch. Overmatch could lead to a selection process that is biased against good transportation projects--an unfortunate outcome for a transportation assistance program. Finally, federal decisions regarding other transportation programs are not allowed or forced to vary with the level of local funding--why single out public transit?

We encourage the subcommittee to review this issue closely to assure that an overmatch policy does not end up driving the funding decisions on all projects.

IV. New Start Criteria

Another policy area we feel Congress should examine further is the current factors used to evaluate and rank potential new start projects-whether such factors should include things beyond the current strict cost effectiveness benefits analysis such as impact on economic development and environmental quality. We urge Congress to develop broader transit goals and require they be reflected in new start criteria and project evaluation procedures. Although mobility enhancement is critical, by failing to acknowledge the ability of certain transit projects to contribute to cleaner air, greater energy independence, planned development and congestion relief, many opportunities to encourage transit grant recipients to optimize such benefits are missed and worthy projects may fail to receive the full consideration they merit.

V. Tax Treatment of Transit Passes

Parsons Brinckerhoff supports reinstating the federal tax exemption for employer provided van pool operations, raising the current $15 cap on tax free transit fringe benefits and extending the benefits to other forms of employer paid ridesharing allowances. We believe these changes will have a positive impact on reducing vehicle usage, energy consumption, air pollution and urban congestions. Although we recognize that these are taxation issues and must ultimately be approved by the Senate Finance Committee, we encourage your committee to strongly recommend their implementation.

VI. HOV Facilities

In an effort to identify solutions to our country's urban congestion problems, Parsons Brinckerhoff strongly supports legislative language which would provide funding and regulatory flexibility for the construction of high occupancy vehicles (HOV) facilities. The development of new HOV lanes and related transit facilities i.e., park & ride lots are extremely cost effective ways of eliminating metropolitan gridlock. Although often viewed as purely highway projects, HOV lanes in fact make transit buses more effective by allowing the buses to cut their trip times dramatically. We recommend that a portion of funds now devoted solely to highway or transit projects be blended into a flexible pool of money for HOV use. In addition, we suggest that in evaluating projects for UMTA discretionary funding, particularly the newly proposed Metropolitan Action Program, priority or preferential consideration should be given to projects with an HOV feature.

We further urge that a process for joint administration, funding and management of HOV projects by UMTA and FHWA personnel at the regional and district level be established.

In addition, on a more general note, we support the need for increased federal funding for transit. Although we realize that the recent 5 cents increase in the federal gas tax will likely make an immediate additional increase politically unfeasible, we strongly urge the committee to lay the ground work for such an increase in the out years of the reauthorization legislation.

We also support continuation of the Section 3 discretionary program. Many larger urban areas have extraordinary needs which require substantial new funding at all levels. New legislation should contain provisions which allow resources to be targeted to these areas.

Lastly, we support provisions for funding to be made available to assist transit agencies to comply with requirements imposed by federal law. Examples include special equipment and services required by the Americans with Disabilities Act and new equipment and fuels required to meet the air quality standards of the new Clean Air Act.

In conclusion, Parsons Brinckerhoff believes that the transit reauthorization effort represents an important opportunity to create a new transportation vision for the United States. Separate from detailed funding issues, a new transportation policy should be created which directly links our transportation decision making to land use, the environment and economic development over the next decade.

Congress should take a more active role through the legislative process to promote the broad range of benefits of transit i.e., transit as a way of reducing congestion, encouraging well-planned development and improving air quality and other environmental parameters. Given the current national and global energy and environmental crisis, the timing couldn't be better to re-structure UMTA's programs to better focus on program and funding flexibility, coordinated multimodal and interagency planning and a more comprehensive definition of transit goals.

Parsons Brinckerhoff greatly appreciates your leadership in assuring the timely reauthorization of this critical program. We would be happy to make any of our senior transit experts available to brief you or your staff on any of the issues discussed in this letter or the transit program in general.

Sincerely,

PARSONS BRINCKERHOFF QUADE & DOUGLAS, INC.

J. L. Lammie
President & Chief Executive Officer

Flxible
The Flxible Corporation

MARK J. OBERT
Vice Chairman

November 26, 1990

Senator Alan Cranston
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Senator Cranston:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems - nothing else does so many things so well.

The Flxible Corporation is the nation's leading manufacturer of transit buses. Flxible buses operate in almost every major city in the U.S.. Flxible employs 1,300 people nationwide, and has been manufacturing transit buses since 1913.

The Flxible Corporation is the transit bus industry technological leader. Flxible is the first U.S. bus manufacturer to offer a specifically designed and tested coach operating on clean burning Compress Natural Gas. Some 25 Flxible CNG buses are currently in operation. In addition, Flxible has designed and tested "clean diesel" and methanol powered buses.

Flxible is an active member of the American Public Transit Association and we work on many transit advocacy and legislative projects with our local Senators and Congressmen. Transit buses are Flxible's single product focus, and we strongly support an expanded Federal role in transit related activities and funding.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

970 Pittsburgh Drive • Delaware, Ohio 43015 • U.S.A. • Telephone: (614) 369-7671 • Telex: 245-484 FLXIBLE DEWR

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that transit faces. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit, is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

As mentioned earlier, Flxible is actively involved in research and demonstration of clean burning fuel systems for transit buses. In addition, we are working on retrofit diesel particulate trap kits for installation on older buses to reduce emissions. New transit bus emission levels are reduced substantially and fuel economy is improving. Transit buses play a major role in air pollution reduction and, with alternative fuel use, reduce the U.S. dependence on foreign oil.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

All Flxible buses can be made fully accessible by adding an optional wheelchair lift. Wheelchair lifts and hold-downs increase bus cost and transit operators must factor these costs into their capital budget requirements.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop an authorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.
- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.
- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.
- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.
- Increase reliance on a predictable formula funding using factors better reflecting transit needs.
- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

Senator Alan Cranston
November 26, 1990
Page Four

- An immediate motor fuel tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate [illegible] taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investment and, as such, federal funding should be provided to meet these requirements.

The employees of Flxible appreciate the efforts that you and your Subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outline for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Cordially,

Mark J. Obert

MJO/kh
cc: R.W. Batchelder

LAKETRAN
P.O. Box 450 • Grand River, Ohio 44045-0450
Phone (216) 354-6100 • 942-1300 • 428-2460

November 26, 1990

The Honorable Alan Cranston
Committee on Banking, Housing
& Urban Affairs
United States Senate
Washington, DC 20510-6075

Dear Senator Cranston:

Thank you for asking my opinion on the reauthorization of the Surface Transportation Act. I am recommending three changes:

1. Amend Section 15 data requirements
2. Restore incidental charter service
3. Increase funding

First, Section 15 of the Act is the reporting mechanics. We share the belief that reporting performance statistics is important, but they should be effective and meaningful.

The requirement of passenger miles dictates that we perform the same number of samplings as a large transportation agency. We operate five fixed routes, yet have to perform the same samplings as New York, Chicago, and Cleveland. The larger agencies must do samplings to project passenger counts. We count each passenger every day. Yet actual counts aren't accepted - samplings must be provided.

To meet the sampling criteria, full-time census takers are required. Instead of hiring a full-time census taker, it seems, to us, that a more effective use of the money would be to hire more drivers and offer more service.

Prior to August 1987, recipients of UMTA funds were allowed to provide incidental charter service. UMTA prohibited this practice in 1987 in the interests of private providers. Consequently, a service of good will, a tool to build community constituencies, and an important community contribution was erased. It is difficult enough to build coalitions to support local transit service without laboring under this prohibition.

This scenario gets played out a few times a month. The leader of a Lions Club, Chamber of Commerce, Development Agency, or a corporation calls to use a bus for a community activity. Regardless of the merit, we have to decline the work because of the charter prohibition. Most of the people that we would have served could have taken advantage of their investment in the community. These folks don't ordinarily use transit service. Serving these special requests gives local operators a chance to demonstrate their importance to the local community. This activity delivers a direct benefit to community leaders and provides a greater incentive for them to support the transit levy renewal.

Increasing funding for public transit will be the common thread of every response you receive. A major increase in funding our public transit systems is vital to every American. There is no other domestic federal program that can deliver the profound impacts public transit can deliver. We can affect domestic, foreign, and trade policy.

We can clean up the environment by supplanting single occupant vehicles with mass transit. Our dependence on foreign oil can be lessened affecting our balance of trade. On long range planning, transit holds the promise of alternative fuels clearer than most other sectors.

We've lost ground since 1979. Our federal program has been slashed by 50%. Not only does full funding need restored, it must be increased to the levels that will allow us to match and surpass the transit commitment that the rest of the industrialized world has made.

The future and quality of life in our society depends on your support for these measures.

Thank you for the opportunity to share with you my opinions on this subject. I appreciate your combined efforts on this reauthorization and the support you have given transit. Moreover, thank you for your service to all of us.

Sincerely,

LAKETRAN

Frank J. Polivka
Frank J. Polivka
General Manager

LAKETRAN
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December 4, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, D.C. 20510-6075

Dear Senators Cranston and D'Amato:

Thank you for soliciting my views as you begin the process of reauthorization of the nation's surface transportation act. Transit must have the financial support and the flexibility to meet more of the nation's transportation needs. This fact is borne out by the very expensive action in the Middle East. This military action is there to protect large sources of oil for world consumption in addition to any other purported efforts to define world order and confine aggression in this period of changing international alliances and national borders. If we reduce our dependence on foreign sources of fossil fuels we reduce the hold those fuels have over the nation's economy. Mass transit is the answer to a large part of this problem.

In Lake County, Ohio over the past year as a result of demand we have increased the average daily number of buses from 36 to 48. We have increased our revenue hours 46% The operation in Lake County provides rides to medical appointments, to senior citizen centers, to work for physically and mentally handicapped persons, as well as fully accessible line haul service now traversing the whole county. This expansion illustrates the pent up need that was not being served with limited resources. The system expansion has provided 47 new jobs in the county most of them in the employment sector where jobs are scarce.

Recognition given the value of transit by the congress in increasing funding for the federal transit program for FY 1991 is gratifying. The portion of the gasoline excise tax that is deposited to the Mass Transit Account for transit projects is a step in the right direction. However, these funds will not fully address the substantial needs of the nation's transit systems which are increasingly being called on to reduce air pollution and provide mobility in an era of rising energy costs. During the last ten years, the federal transit program has been cut by 50% in real terms. Expansion of Lake County's service has been made possible by the passage of a 1/4% sales tax two years ago. However, higher state and local support have been stretched to the limit. We cannot address federally mandated transit requirements without an adequate federal program.

I believe the need for a federal transit program as outlined in APTA's T-2000 report is well documented. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. The nation cannot operate efficiently if it fails to invest in its basic transportation infrastructure.

LAKETRAN

P.O. Box 450 • Grand River, Ohio 44045-0450
Phone (216) 354-6100 • 942-1300 • 428-2460

Sen. Cranston/D'Amato
December 4, 1990

Ongoing events in the Middle East underscore the need for the United States to reduce dependence on imported oil. Although being phased in slowly, under the recently enacted Clean Air Act stricter emissions curbs are being imposed on vehicles in order to clean up our air. Special fuel formulation requirements are being imposed for the nation's smoggiest cities. We need to recognize that increased transit ridership is one of the most effective ways to reduce fuel consumption, and an economical means of reducing the vehicle pollution which is responsible for much of the dirty air over our cities.

In Lake County transit ridership has steadily increased in the line haul portion of the service. To meet the needs, LAKETRAN, the regional transit system, has added runs to existing lines and recently established two additional routes in the more densely populated western end of the county. The demand-responsive service for elderly and handicapped has required the addition of 20 buses and demand still exceeds our capacity. Transit in Lake County is providing mobility for our transit dependent population, and helping to increase the number of riders per vehicle, thereby cutting fuel consumption and reducing total tailpipe emissions.

I support retention of the basic formula and discretionary programs in the reauthorization bill. In addition, to the extent possible, please include the following principles in the new Surface Transportaion Act:

- The federal investment in surface transportation should be substantially increased.
- The UMTA charter should be broadened to include a definition of transit that will promote increased use of all forms of high-occupancy, ride-share services in order to reduce growth in vehicle miles traveled.
- Enhance and strengthen the existing regional decision-making authority in the use of federal transportation funds.
- Use a multi-modal approach to planning, funding and making decisions.
- Federal funding should be reliable and predictable. This can be achieved through greater reliance on dedicated funding.
- The national goal of increasing the use of high-occupancy, shared ride services will require additional funding. It should be provided.
- A permanent motor fuels tax should be enacted concurrent with the reauthorization of the Surface Transportation Assistance

LAKETRAN
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Act. This permanent motor fuels tax should be increased from present levels.

- o The federal transportation program and tax code should be revised to encourage private investment in transit.
- o Eliminate taxation of employer-subsidized transit passes and such other federal laws which are disincentives to transit use.
- o Requirement for closer integration of transportation investment with land use decisions should be enacted in order to encourage use of high-occupancy and shared-ride services. This requirement should be incorporated in other pertinent federal policies as well as the Surface Transportation Act.
- o Transit research, development programs, and training should receive expanded federal support.
- o Federal operating assistance for transit systems from the smallest to the largest is essential to assure effective and economically sound operation and maintenance of our nation's transit infrastructure investment.
- o Federal funding should be integral to federal policies and mandates that result in additional costs to transit operations.

In asking for suggestions and recommendations from those of us in the transit industry, you continue to indicate your support for and recognition of the very real contribution of that industry to our nation's economic strength. I have enjoyed the opportunity to hear both of you speak at APTA legislative conferences over the years, and am grateful for your efforts in behalf of transit in the past, as well as now during the reauthorization process. I view the reauthorization process as an opportunity to incorporate today's concerns for the environment and for energy conservation into a Mass Transit Act that will result in cleaner air and reduced reliance on imported fuel, while at the same time providing mobility to the nation's people into the twentieth century.

Sincerely,

Clara L. Maurus

Clara L. Maurus
Board Member

LCT
Discover Us!

Lorain
County
Transit serving greater lorain county
midway plaza building, 347 midway blvd., suite 210, elyria, ohio 44035

November 28, 1990

Senator Alan Cranston
Committee on Banking, Housing,
and Urban Affairs
U.S. Senate
Washington, DC 20510-6075

Dear Chairman Cranston:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems -- nothing else does so many things so well.

For example, Lorain County Transit over the past five years has enjoyed tremendous ridership growth. As of October 31, 1990, LCT ridership has already exceeded its annual estimate by five (5) percent. This year LCT will have achieved its largest ridership growth by serving over 216,000 people, up by 71,000 passengers from 1989. Fifty-eight (58) percent of those passengers will have used LCT's specialize services for seniors and persons with disabilities (dial-a-ride), thirty-one (31) percent will have used local fixed route services, and eleven (11) percent will have enjoyed LCT's subsidized rideshare program for work commuter trips. Out of the 216,000 passengers, approximately 2% (4,320 passengers) will have required wheelchair assistance.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program. Although LCT will enjoy a record year in ridership projections, it has had to do this with reductions of federal funds. Over the past five years, LCT allocation has dropped by an average of $50,000 per year.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

For instance, in December of 1990 LCT will receive ten (10) eleven passenger vans for its dial-a-ride services. All ten are handicapped accessible, having the ability to carry one wheelchair position. All ten are replacing handicapped accessible vehicles, in some cases replacing vehicles that are seven years of age and having 160,000 accumulated miles. These replacements will help maintain service, but will not put LCT in a expansion mode to alleviate service demand. On the average LCT turns down approximately twenty (20) calls per day due to vehicle service limitations.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

It is somewhat frustrating as a transit operator to see the need in our area to conserve energy, reduce pollution, provide a better system of transporting people to alleviate congestion on our major highways, etc. when federal assistance is not likewise increased to help cope with these situations. It is proven that public transportation is one of the cheapest alternatives to implement in an effort to conserve natural resources, reduce air pollution, and likewise release congestion on our highways.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment is surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restricted.
- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.
- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional deci-

sion-making authority over the use of federal transportation funds.

- * Establish a stronger multi-modal approach in planning, funding and decision-making.
- * Reliability and predictability of federal funding should be improve through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.
- * Increase reliance on a predictable formula funding using factors better reflecting transit needs.
- * Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.
- * An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.
- * The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.
- * Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.
- * Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.
- * Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment. .
- * Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

William R. Eltrich
Manager of Transit Planning

WRE/pan

CC.: Senator Glenn
Senator Metzenbaum
Congressman Feighan
Congressman Pease

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RTA
Miami Valley Regional Transit Authority

Forest D. Swift
Executive Director

December 13, 1990

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
Committee on Banking, Housing and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Senators Cranston & D'Amato:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly and flexibility - not rigidity - is the key to success. Today's transportation solutions require innovation and cooperation. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively satisfies and balances the private and public mobility needs of individuals and businesses, which supports and encourages national and regional economic development, and which maintains the quality of our environment.

Local citizens (both riders who have contributed to our 14 million annual trips and non-riders) believe that the services of the Miami Valley Regional Transit Authority (RTA) are critical to their well-being. A 1988 study conducted by a local university concluded: "RTA is very important to Montgomery County residents; it is perceived to support the needs of the elderly and handicapped, and to provide a very dependable service." The same study determined that RTA riders contribute to the economic health of the region by spending approximately $100 million dollars annually as part of their trips. The study also recognized the indirect economic impacts of RTA services: "RTA provides transportation to and from work for approximately 1,800 individuals who could not otherwise afford it." "It would cost approximately $12 million more for RTA riders to make their trips by an alternative mode of transportation." "RTA employees through expenditures of their net disposable income generate over $21 million into the local economy annually." Finally, the study measured the effects on non-riders: "RTA's availability alleviates traffic congestion throughout the region's highway system. If

600 Longworth Street • P.O. Box 1301 • Dayton, Ohio 45401-1301 • (513) 226-1333 • FAX (513) 443-3121

there were no RTA, nearly 5,000 automobiles would be added to the roadways, and the majority of the increased car trips would be made during the morning and evening rush hours." "If RTA were not available, there would be a need for between 3,000-3,500 additional automobile parking spaces in downtown Dayton." "RTA's availability reduces air pollution. This benefits the entire region meeting EPA guidelines."

I am heartened by the funding increase Congress provided in the federal transit program for Fiscal Year (FY) 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten (10) years, the federal transit program has been cut by 50 percent in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program. At RTA, we have implemented procurement and fuel purchase policies which have gained us important efficiencies. However, these efficiencies will not sufficiently provide for continued provision of quality service. Exhibits A and B reflect our growing reliance on local reserve funds for support. Over the next eight years, the percentage of local participation doubles and the local dollars committed nearly quintuples. As a result, our future ability to adequately serve this community is in question.

A recent American Public Transit Association (APTA) survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs. RTA hopes to implement a plan for establishing new hubs south, north, and northeast of our current downtown hub (i.e, move facilities and vehicles to where the majority of our population now live, work, and shop). In addition, RTA is working as a partner in local efforts to revitalize downtown Dayton. These planned investments have the support of local private and public community leaders.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

The ability of our transportation systems and facilities to move people and goods efficiently strengthens national/regional economic development efforts, improves our national and international economic competitiveness, and maintains the quality of our environment. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure. However, transit's ability to increase its share of all local travel is critical in achieving important national and regional goals. The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one (1) of the easiest, most efficient ways to reduce fuel consumption. It is also one (1) of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation. RTA is working with the local Metropolitan Planning Organization, the Miami Valley Regional Planning

Commission, and the Regional Air Pollution Control Agency in assuring that mass transit is environmentally responsive. We have taken the lead in clean diesel technology (retrofitting all existing diesels with trap oxidizers), recycling, and investigating alternate fuels. The Dayton region has attained five of the six mandated health-based standards for air quality, with ozone as the exception. The reduction in single-occupancy vehicles will go along way toward relieving our ozone problem.

Our region recognizes that relying only on new highway development to spur and support economic development can limit our ability to achieve other important regional goals -- particularly local environmental, human needs, and infrastructure goals. The citizens of the Greater Miami Valley worked together to set direction for the region's future in a strategic planning process entitled CHALLENGE 95. Safeguarding the environment, the preservation and improvement of existing infrastructure, and meeting the changing needs of all citizens were quickly identified as several of the key issues facing this region between now and 1995. Consequently, task forces were formed to develop approaches to deal with the respective issues. Task force recommendations reflect the need for cooperation, rewarding innovation, comprehensive planning and management, and educating the public. Although specific implementation plans are still being developed, we believe that public transportation and other innovative transportation solutions will contribute to reaching our regional vision.

In addition, the ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. RTA is a recognized leader in service to the disabled. We maintain both a demand response system and a fully wheelchair lift equipped fleet. RTA also provides an outreach service to the disabled community to teach them how to use our services most effectively. Consequently, RTA allows disabled passengers to have an independence and accessibility to jobs, shopping and education opportunities. In order for transit operators to meet the needs of this challenged population, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

* The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

* In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

* Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

* Establish a stronger multi-modal approach in planning, funding and decision-making.

* Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

* Increase reliance on a predictable formula funding using factors better reflecting transit needs.

* Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

* An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

* The federal transportation program and Tax Code should be revised to encourage private investment in transit (e.g., safe harbor leasing, passage of H.R. 5423, tax benefits for employer-supported transit passes), and to eliminate the taxation of employer-subsidized transit passes and other federal laws which discourage transit use.

* Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

* Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

* Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

* Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Cordially,

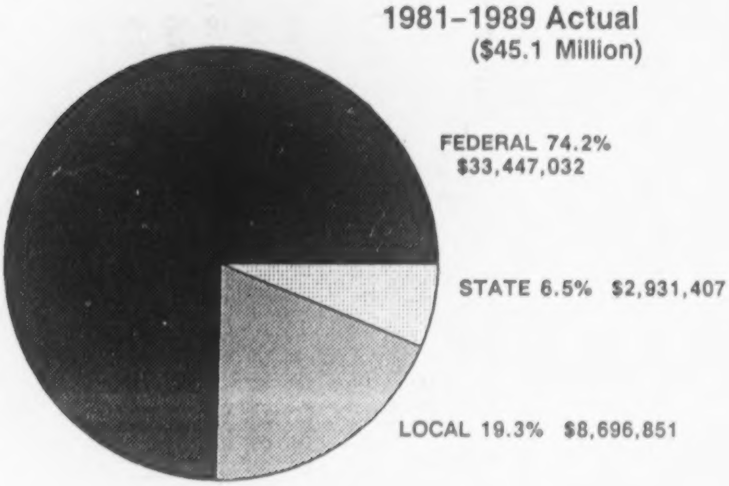
Forest D. Swift
Executive Director

Enclosures

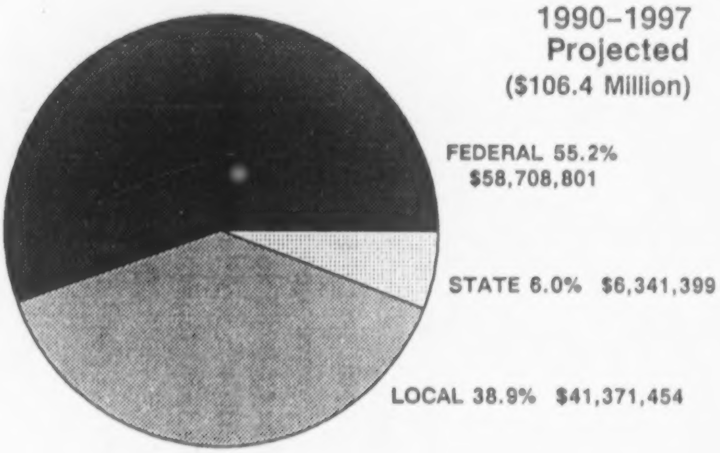
cc: Carla L. Lakatos, Director, Marketing/Planning, RTA

Exhibit A

Capital Funding



SOURCE: Audited Financial Statements



SOURCE: 1991 Final Budget Document

RTA

Exhibit B

Comparative Operating Revenue, Expense Date

(In Millions)

	1990–1997 Eight Year Totals	Percent of Operating Expense
Passenger Revenues	$ 47.5	14.4%
Sales Tax Proceeds	210.4	64.0
Total Local Source Revenues	$ 257.9	78.4%
Operating Expenses	328.8*	100.0
Deficit from Operations	$ –70.9	–21.6%
Federal Operating Assistance	11.7	3.6
State Operating Assistance	11.4	3.5
Investment Income	25.8	7.8
Income from All Sources	$ –22.0	–6.7%

*Excludes $21.5 million contingency for further service expansion.

The City of
OKLAHOMA CITY
Central Oklahoma Transportation and Parking Authority

December 17, 1990

Senator Alan Cranston
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston:

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems --nothing else does so many things so well.

I am Administrator of the Central Oklahoma Transportation and Parking Authority (COTPA) which serves the Central Oklahoma Area. Within the Oklahoma City metropolitan area, COTPA has seen significant increases in ridership and the citizen's awareness of the impact of public mass transit. Last fiscal year our ridership rose 5.4% while through the first five months of the year ridership has risen almost 10%, which is the result of a commitment to route and system planning that is whole heartedly endorsed by the COTPA Board of Trustees. Last July, COTPA, in concert with UMTA, sponsored a seminar on suburban mobility issues which had the largest number of participants of any seminar of its kind across the country. My Authority continues to assemble and serve district grass root interest groups who share the same commitment to building a popular transit system that serves the common interest.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

300 S.W. 7th Oklahoma City, Oklahoma 73109 • 405/297-2601 • Fax: 405/297-2111

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program. This reduction has caused COTPA to hold off on vital new routes serving commuter interests and densely populated urban areas. This reduction has caused COTPA to hold off on vital new routes serving commuter interests and densely populated urban areas.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the cost of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

Within the COTPA fleet, 43% of the motor coaches are nine years of age or older. Obviously, I will need to be looking at the immediate purchase of replacement vehicles just to maintain the current level of operation. In addition, COTPA completed last fiscal year the purchase of five miles of railroad right-of-way within the northeast quadrant of Oklahoma City. This rail line extends from the central business district to a major recreation/entertainment center. Purchase of the vehicles necessary to create this rail property is heavily dependent upon capital grants from the federal government.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Recent highway construction and reconstruction projects within Central Oklahoma have not only paralyzed the commuting public but also cost the citizenry untold millions in both construction, environmental and lost work time dollars. Certainly, a redirection of this money into transit oriented funding could provide a greater value to the high cost of highway construction. Considering the innovative, low cost transit programs available today make even to lowest density neighborhood accessible to the advantages to public transit. However, I feel that the equality in federal matching between highway and transit capital projects must be maintained in order for this relationship to be preserved.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

Central Oklahoma only recently achieved "attainment" status on its air quality. It will be vital, as the region grows, for public transit to be actively involved in the transportation picture of the region for this certification to be maintained. In addition, I have mentioned the support of the business and development community at our recent Suburban Mobility Seminar. It is also not unusual for me to mention the dependence that the elderly and mobility impaired in Oklahoma City have on not only main line routes but also demand response services. However, in order to make the COTPA fixed route system totally accessible will require additional capital costs. Currently, 73% of the COTPA motor coach fleet is not wheelchair lift equipped.

In reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Established a stronger multi-modal approach in planning, funding and decision-making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal law which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy share-ride services. Other federal policies should incorporate the same objective.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

I might add that based upon a perspective prevalent in this part of the United States, greater federal fund flexibility and increased regional decision-making for the use of federal transportation funds should be couched in an established National Transportation Policy. Otherwise, the southwestern bias towards funding more and more highways would completely overshadow the positive strides made by the public transit systems, not only in Oklahoma City but throughout the region.

I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

Steve C. Klika

Steven C. Klika
Administrator

pc: Senator David Boren
Senator Don Nickles

TRI-COUNTY
METROPOLITAN
TRANSPORTATION
DISTRICT
OF OREGON

America's Best Transit System
1989-1990

TRI-MET
4012 SE 17th AVENUE
PORTLAND, OR 97202

December 14, 1990

The Honorable Alan Cranston
Chairman
Subcommittee on Housing and Urban Affairs
Committee on Banking, Housing and Urban Affairs
United States Senate
SD 534 Dirksen Office Building
Washington, D.C. 20510

Dear Mr. Chairman:

The Tri-County Metropolitan Transportation District of Oregon (Tri-Met) appreciates the opportunity to submit written testimony to the Subcommittee on the reauthorization of the Surface Transportation Act (STA).

As the Subcommittee sets out to develop the Surface Transportation Act of 1991, it is critical to recognize that the long term success of a transportation project is inextricably linked to comprehensive land use and transportation planning. The planning process enables local jurisdictions to identify their transportation priorities, to jointly commit the resources required to carry out the projects and to undertake the necessary steps to adopt land use plans that will direct how growth should occur to be consistent with those project investments.

The reauthorization of the STA represents a real opportunity to recognize the role that transit, and especially fixed guideway projects, can have in both encouraging, as well as focusing economic development in a region. If properly planned, this economic development can increase the cost-effectiveness of transit projects through an enhanced revenue stream and increased ridership, while benefitting local jurisdictions by focusing economic development in specific corridors set aside for this purpose. In turn, all citizens can benefit through reduced traffic congestion and improved air quality.

Since the mid-1970's the Portland-area regional governments, which include three counties and several cities, the Oregon Department of Transportation as well as the Metropolitan Planning Organization and Tri-Met, have participated in a cooperative effort to establish a land use plan and a comprehensive transportation plan for the region. These efforts served to identify the corridors in which future transit and highway projects would be located. Having identified the corridors, the responsible local governments in the region then enacted ordinances and statutes that effectuated the zoning decisions necessary to carry out these plans.

Meanwhile, as a result of local and state decisions to withdraw segments of the Interstate Highway System, these same bodies established the Joint Public Agency Committee on Transit (JPACT) to coordinate the expenditure of both state and interstate transfer funds. Through JPACT these governmental bodies set about to establish the regional priorities for the expenditure of those funds for both transit and highway projects. This cooperation has resulted in the successful completion of a $320 million project to expand an interstate highway and construct a 15.5 mile light rail line from Gresham, Oregon to Portland, which was completed in September, 1986, as well as completing a variety of highway and arterial road projects.

We believe that this type of successful cooperation is a model for the country and should be encouraged in the Surface Transportation Act. We have seen the benefits of this type of planning locally through over $600 million in new economic development along the light rail line, a decision by local governments and the voters to locate the Oregon Convention Center on the line, a drastic reduction in air quality violations since 1975, a steady increase in transit ridership that has exceeded original expectations and an improved quality of life in the region.

The linkage, though, between land use planning and the region's success in improving air quality, enhancing ridership and fostering economic development cannot be underestimated. We have seen that the mode of transportation selected, its cost, and its cost-effectiveness are directly tied to regional decisions over land use. In addition, the Portland area has recognized that transportation will play a critical role in the region's future economic success and that land use planning is essential to focusing that expected growth in the transportation corridors that are identified through the planning process.

However, the current Surface Transportation Act does not reward or encourage this type of planning. While section 1607 directs that transportation plans be developed by metropolitan planning organizations, these plans and the issues they address, such as air quality, land use, energy conservation, economic development, etc., are not even considered during the section 1602 (i) new start evaluation process. That process focuses only on ridership and cost-effectiveness with any additional factors being considered at the Secretary's discretion. This creates a very short-sighted approach to evaluating the benefits of transit.

The Urban Mass Transit Administration (UMTA) has also discouraged innovative efforts to pursue projects that integrate land use planning and joint development. As an example, since 1988 Tri-Met has been attempting to secure grant approval from UMTA for a joint development project that received Congressional funding in

FY 89 and FY 90. This project, called Project Breakeven, was developed pursuant to an UMTA grant to look at what development possibilities existed on the existing light rail line that could help Tri-Met achieve operational self-sufficiency for the line.

That study identified two sites on the existing alignment that, if developed, could achieve operational breakeven through induced additional ridership and the return of revenues to Tri-Met from the lease of the property, that would be acquired from an UMTA grant, to developers. Tri-Met sought to use the authority available under section 1602 (a)(1)(D) of the UMTA Act to fund this project,
which entailed the acquisition of property adjacent to the light rail alignment on which a private developer would lease the property from Tri-Met to construct a shopping center and a conventional center headquarters hotel that would be physically and functionally related to the light rail line.

UMTA has consistently resisted the approval of this grant and has taken a narrow view of the property that can be acquired under section 1602 (a)(1)(D). Upon review of the Senate Banking Committee report on the Surface Transportation Act of 1978, in this provision, which was eventually adopted by the Congress, is explained (and which language is attached), it is evident that the Committee and the Congress intended this section to promote urban development. UMTA's narrow view of this section, which, at best, permits the acquisition of land only for the station site, negates this objective.

Thus, the amendments that Tri-Met proposes, which are attached to this testimony for your consideration, and will be explained below, seek to elevate the importance of land use planning, encourage economic development in the transportation corridors that are identified through the planning process, require the enactment of ordinances to carry out those plans and to reward regions that seek to ensure the long term success of transit projects both operationally, as well as in improving the quality of life.

Recommended Amendments for the Surface Transportation Reauthorization Act.

Enhanced Role for Land Use Planning--This would be a new provision that would enhance the role of the metropolitan planning organization (MPO). The MPO would be required to certify to the Secretary of Transportation that the local governments have adopted a comprehensive land use plan and the MPO would be required to adopt a twenty year transportation plan. Lastly, the MPO would have to certify that there is an ongoing regional process that would result in alterations to both the land use and transportation plans to respond to changes in the defined urban area. The MPO would also be changed with enforcing zoning changes that adopted as a result of the land use plan.

By requiring the Secretary to determine that the MPO has taken the actions above, and by restricting loan or grant approval until this occurs, the planning process acquires the enhanced status necessary to lay the foundation for enforceable land use decisions. This will, in turn, greatly improve the long term success of a transit project and increase operational cost-effectiveness over that same period.

This enhanced role is pivotal if transit projects are to reach their full potential in fueling and focusing economic growth in urban areas. Without this strengthened role, projects located in areas with high population densities, but inadequate land use planning, will continue to receive highest priority. While this may appear to be the better utilization of federal dollars in the short run through the current indices used by UMTA, the long term role transit can play in structuring economic development, relieving traffic congestion and improving air quality will be greatly diminished.

New Fixed Guideway Criteria--Consistent with the concerns expressed above, Tri-Met would propose that the new start fixed guideway criteria be amended to reflect the enhanced role accorded to land use planning by defining cost effectiveness to include the adoption of a land use plan and corresponding ordinances that would require minimum densities for property located adjacent to a fixed guideway project. In addition, the Secretary would be required, rather than have the discretion, to consider other factors, such as air quality, economic development, energy conservation, relieve automobile congestion and reducing the need to highway construction, in evaluating fixed guideway projects.

As already mentioned, transit projects should not be evaluated based on a short term analysis of ridership and on a narrow view of cost-effectiveness, but rather should be rated over a longer period and based on broader range of factors. Each of the factors that Tri-Met has identified are essential to enable the federal government to maximize its investment in the transit project, while fully achieving objectives, such as economic development, improved air quality, and energy conservation which are sought by most urban areas.

Federal Reward Program--To the extent that local governments and the MPO achieve the objectives of improved air quality, increased operational cost-effectiveness, reduce automobile reliance, energy conservation and reduced need to construct additional highway capacity, Tri-Met proposes that the loan or grant recipient receive an increased federal share of the project cost. Tri-Met believes that this sort of approach will encourage urban areas to take the necessary actions to maximize both the federal and local investment in the project.

In addition, the actions set out in revised section 1603 (d) are essential to achieve these objectives. These actions are derived from steps taken in the Portland region that have enabled the area to achieve increased economic development, improved air quality and increased ridership all at the same time.

Joint Development--As indicated earlier in our comments, Tri-Met is committed to joint development and has pursued joint development opportunities only to encounter opposition from UMTA. That experience, as well as how the statute has been interpreted, have led us to the conclusion that the statute needs to be revised if joint development is to be encouraged.

According to section 1602 (a)(1)(d), joint development entails projects that enhance the effectiveness of a mass transportation project and are physically and functionally related to that project or which create new or enhanced forms of coordination between mass transit and other forms of transportation. The goal of such projects is to enhance urban economic development or to incorporate private investment, including commercial or residential development.

Tri-Met has worked closely with regional governments and the MPO to utilize the land use process to establish minimum densities at existing station sites and to require such densities when the station sites for the Westside Light Rail Project are selected. We believe that this will further the goal of enhancing the operational cost-effectiveness of the system and focus economic development at those station sites.

However, UMTA has taken a limited view of what can be funded under this section and has discouraged localities from pursuing significant economic development projects. To date UMTA has primarily funded studies to identify such joint development opportunities but has balked at funding projects that would have any significant impact on urban development.

Therefore, Tri-Met would urge that several changes in the existing statute be adopted. First, that section 1603 (a) be amended to permit local monies used to acquire property for a joint development project at a station site in advance of construction of a project to be regarded as local match for a project. This provision would serve to encourage the transit district to protect the land around a station site so that it can be reserved for economic development purposes that can be integrated with the transit system.

Second, that the Secretary reward joint development projects which enhance the operational cost-effectiveness of a transit system by inducing additional ridership and capturing the revenues generated by the project. This reward would be in the form of an increased federal share for the project, provided that the local match is in the form of cash, rather than from in-kind contributions from the public or private sector, such as a bridge, or site preparation expenses. Once again, this proposed amendment is tied to achieving the goal of maximizing the federal and local investment in a project through the transit district capturing the revenues that can be generated through these types of projects.

Third, amend section 1602 (a)(1)(D) to clarify Congressional intent that property acquired pursuant to a joint development be the entire site and not just the station site. A review of the legislative history of this provision indicates that Congress intended these projects to be urban economic development projects and not just another means to build a station site. To truly foster development a grantee must be able to acquire the entire site and protect it for its most transit beneficial use.

Fourth, Tri-Met also encountered UMTA resistance to permitting the expenses associated with the demolition of existing structures, site preparation, walkways, utilities, building foundations, and open space for the whole site to be regarded as "eligible costs". Once again, there appears to be no such limitation in the legislative history of the statute.

Lastly, Tri-Met would propose that section 1602 (a)(1)(D) be amended to permit the loan or grant recipient to retain all revenues generated by a joint development project. These revenues would include lease payments, air rights payments, etc., and would enable grant recipients to receive a long term revenue stream from such a project that could be applied either towards the operation of the system or towards the capital costs of the system. The statute presently limits retention of revenues to only to rental payments from persons or entities that occupy space in facilities that are constructed.

Grandfather for the Westside Light Rail Project--The FY 90 and FY 91 Transportation and Related Agencies Appropriations bills and accompanying reports include language that requires the Secretary of Transportation to enter into a full funding agreement by September 30, 1991. Since there is a strong possibility that project requirements and funding levels for "new start" projects could be changed in the reauthorization bill, Tri-Met requests that the Committee include a provision in the bill that will honor this action by the Congress. This can be done by grandfathering the Westside light rail project provisions of Section 328 of the FY 91 Appropriations Bill (PL101-516); the related conference Report language in HR 101-892 and the resultant Full Funding Agreement in the new Surface Transportation Act.

Funding Equity--The present Surface Transportation Act establishes separate funding ratios for highway and transit projects. This disparity distorts the local decision on whether to expand a highway or construct a transit project. The Portland region's experience with Interstate Transfer funds indicates that when the ratios are equal a far more objective decision can be made on how to proceed in addressing the region's transportation needs. In addition, if the regions are required to perform congestion management responsibilities, they also should be given the ability to make a decision on how to address that congestion without the funding ratios potentially unfairly prejudicing that decision.

Conclusion--Tri-Met greatly appreciates being able to submit testimony to the Subcommittee. We would welcome the opportunity to testify in person regarding these issues we have identified in this testimony. We believe our successful experience in the Portland region with land use and transportation planning can be instructive and serve as a model for how the Surface Transportation Act should be structured for the future so that transit projects can achieve their full potential for influencing economic development and improving the quality of life where they are located.

Sincerely,

John R. Post

John R. Post
Deputy General Manager

DRAFT December 12, 1990

AMENDMENTS TO THE SURFACE TRANSPORTATION REAUTHORIZATION ACT

(New section) Sec. No grant or loan shall be provided to an applicant under Sec. unless the Secretary determines that the metropolitan planning organization--

(i) has certified that the responsible local governments have adopted a comprehensive land use plan which defines the urbanized area for a minimum period of twenty years; and

(ii) has adopted a twenty year regional transportation plan which is consistent with and developed in conjunction with the comprehensive land use plan; and

(iii) has certified to the Secretary that there is an on-going regional planning process that is consistent with the adopted land use plan and which provides for:

(a) the expansion of the defined urban area;

(b) the amendment to the regional transportation plan to provide service consistent with any changes in the urban area; and

(c) the enforcement of local zoning statutes and ordinances which are adopted pursuant to the comprehensive land use plan.

(Amend section 1602 (i)) No grant or loan for construction of a new fixed guideway or extension of any fixed guideway system may be made under this section unless the Secretary determines that the proposed project--

(1) is based on the results of an alternatives analysis and preliminary engineering;

(2) is cost-effective, which shall include--
  i) the metropolitan planning organization adopting a comprehensive land use plan that provides for minimum zoning densities for property located adjacent to the fixed guideway project; and
  (ii) the adoption by local governments of ordinances or statutes that require minimum densities for property located adjacent to the fixed guideway project.

(3) is supported by an acceptable degree of local financial commitment to meet the maximum uniform local share requirement, including evidence of stable and dependable funding sources to construct, maintain, and operate the system or extension.

In making grants and loans under this section, the Secretary shall also consider other factors, including air quality, energy conservation, enhancing development opportunities, lessening the reliance on the automobile as a mode of transportation and reducing the need for highway construction or expansion.

(Amend section 1603) (b) The Secretary shall increase the Federal per centum share of a project cost above that provided in section 1603 (a) and give priority consideration to projects which--

(i) increase operational cost-effectiveness over a twenty year period;

(ii) improve air quality;

(iii) decrease the reliance on the automobile as a mode of transportation;

(iv) reduce energy consumption; and

(v) reduce the need for highway construction or expansion.

(i) inducing additional ridership; and

(ii) the receipt of revenues generated by the project,

provided that the local governments and grant recipient provide the remainder of the project cost, in cash, form sources other than Federal funds.

(d) In order to qualify for the increase in the Federal per centum share available under Section 1603 (b), the metropolitan planning organization shall certify that the responsible local governments have adopted both a comprehensive land use plan and zoning ordinances and statutes which--

(i) establish minimum residential densities for property in a transportation corridor;

(ii) increase residential, retail, and commercial densities for property at transit station sites and adjacent to those sites;

(iii) enhance pedestrian and bicycle access to stations;

(iv) provide for the limitation of parking spaces in congested urban areas;

(v) provide for joint development activities under section 1602 (a)(1)(d) which enhance the self-sufficiency of the transportation project through increased ridership and revenues generated locally as a result of the joint development project; and

(vi) establish design standards for street grids, building placement and pedestrian access which enhance the transit project.

(Amend section 1603) (a) The Secretary, on the basis of engineering studies of economic feasibility, and data showing the nature and extent of expected utilization of the facilities and equipment, shall estimate what portion of the cost of a project to be assisted under section 1602 of this title cannot be reasonably financed from revenues--which portion shall hereinafter be called "net project cost." The Federal grant for any such project to be assisted under section 1602 of this title shall be in the amount equal to 75 per centum of the net project cost. The remainder of the net project cost shall be provided, in cash, from sources other than Federal funds. Such remainder may be provided in whole or in part from other than public sources and any public or private transit system funds so provided solely from undistributed cash surpluses, replacement or depreciation funds or reserves available in cash, or new capital. **However, in the case of a fixed guideway project, local monies used to acquire property for a joint development project that is undertaken conjunction with the fixed guideway project and is consistent with section 1602 (a)(1)(D) shall be regarded as local match for the fixed guideway project.** No refund or reduction of the remainder of the net project cost shall be made at any time unless there is at the same time a refund of a proportional amount of the Federal grant.

(c) The secretary shall increase the Federal per centum share of the cost of a joint development project, as set forth in Section 1602 (a)(1)(D), above that provided in section 1603 (a) and give priority consideration to joint development projects which enhance operational self-sufficiency of the transit system by--

(i) inducing additional ridership; and

(ii) the receipt of revenues generated by the project;

(Amend section 1602 (a)(1)(D)) transportation projects which enhance the effectiveness of any mass transportation project and are physically and functionally related to such mass transportation project or which create new or enhanced coordination between public transportation and other forms of transportation, either of which enhance urban economic development or incorporate private investment, including commercial and residential development. The term "eligible costs" includes: property acquisition, **including property for an entire site of a joint development project that is both adjacent to the transportation project and is necessary to further transit supportive economic development;** demolition of existing structures, site preparation, utilities, building foundations, walkways, and, open space, **for the entire development site;** and, the acquisition, construction, and improvement of facilities and equipment for intermodal transfer facilities and transit malls, but does not include the construction of commercial revenue-producing facilities, whether publicly or privately owned. The Secretary shall require that all grants and loans under this paragraph be subject to such terms, conditions, requirements, and provisions as the Secretary determines necessary or appropriate for the purposes of this section, including requirements for the disposition of net increases in value of real property resulting from the project assisted under this section. The Secretary shall require in all grants and loans under this subparagraph that any person or entity that contracts to occupy space in facilities funded under this subparagraph shall pay a fair share of the cost of such facilities, through rental payments and other means. All revenues generated by such project shall be retained by the loan or grant recipient and applied towards the operational costs of the system;

Allegheny
County
Transit
Council

2235 Beaver Avenue • Pittsburgh, Pennsylvania 15233 • 412-237-7174

December 13, 1990

The Honorable Alan Cranston
United States Senate
Committee on Banking, Housing
and Urban Affairs
Washington, DC 20510-6075

Dear Senator Cranston:

As you requested in your letter of October 26, 1990, I am enclosing the comments and recommendations of the Allegheny County Transit Council relating to the reauthorization of the Urban Mass Transit Act. I hope you find our views helpful as the legislative process progresses.

I will be happy to participate in the Mass Transit Conference scheduled for early 1991. Please advise me of the date and time.

I appreciate the opportunity to participate in this important endeavor.

Sincerely,

Robert N. Sughrue
President

RNS/dab

Enclosure

A Volunteer Citizen's Advisory Council to The Port Authority of Allegheny County
Established by an Act of the Commonwealth General Assembly, 1986

RECOMMENDATIONS OF
THE ALLEGHENY COUNTY TRANSIT COUNCIL

ALLEGHENY COUNTY
PITTSBURGH, PENNSYLVANIA

ON THE
REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT

SUBMITTED TO:
UNITED STATES SENATE
COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS
SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS

PREPARED BY: ROBERT N. SUGHRUE
PRESIDENT
ALLEGHENY COUNTY TRANSIT COUNCIL

THE OBJECTIVE OF THIS PAPER IS TO FORMALLY COMMUNICATE, TO THE SENATE SUBCOMMITTEE ON HOUSING AND URBAN AFFAIRS, THE VIEWS AND POSITIONS OF THE ALLEGHENY COUNTY TRANSIT COUNCIL (ACTC) RELATING TO THE REAUTHORIZATION OF THE URBAN MASS TRANSIT ACT. THE ACTC IS PARTICULARLY INTERESTED IN THIS LEGISLATION BECAUSE OF ITS FAR REACHING IMPACT ON PUBLIC TRANSIT USERS - NOT ONLY IN PITTSBURGH PENNSYLVANIA BUT IN THE ENTIRE ALLEGHENY COUNTY REGION. THE ACTC IS THE LEGISLATIVELY MANDATED ADVISORY COMMITTEE TO THE BOARD OF DIRECTORS OF THE PORT AUTHORITY OF ALLEGHENY COUNTY AND IS COMPRISED OF SIXTY VOLUNTEER MEMBERS ALL OF WHICH ARE REGULAR RIDERS OF PUBLIC TRANSIT THROUGHOUT SOUTH WESTERN PENNSYLVANIA.

THE COMMENTS AND RECOMMENDATIONS CONTAINED HEREIN RELATE NOT ONLY TO THE URBAN MASS TRANSIT ACT BUT TO OTHER PARTS OF THE SURFACE TRANSPORTATION ACT AS WELL.

ON THE AVERAGE, THE PORT AUTHORITY OF ALLEGHENY COUNTY SERVES 300,000 RIDERS PER DAY. SIXTY PERCENT OF THE WORK FORCE IN THE DOWNTOWN PITTSBURGH AREA, ALLEGHENY COUNTY"S ECONOMIC AND POLITICAL CENTER, USE PUBLIC TRANSIT TO COMMUTE. ADDITIONALLY, A SUBSTANTIAL NUMBER OF STUDENTS AND EMPLOYEES IN THE OAKLAND AREA, THE EDUCATIONAL AND MEDICAL CENTER, RELY ON PUBLIC TRANSIT. UNLIKE SOME OTHER SYSTEMS, OUR SYSTEM IS FISCALLY SOUND AND OUR ROLLING STOCK AND OTHER EQUIPMENT ARE WELL MAINTAINED.

DURING THE PAST TWENTY-FIVE YEARS, FEDERAL, STATE AND LOCAL GOVERNMENTAL SUPPORT HAS RESULTED IN THE CREATION OF A PUBLIC TRANSIT SYSTEM IN ALLEGHENY COUNTY, WHICH ADEQUATELY SUITS OUR NEEDS. THE ECONOMIC WELL-BEING OF PITTSBURGH AND SURROUNDING AREAS DEPENDS UPON PUBLIC TRANSIT. PUBLIC TRANSIT PROVIDES A SAFE AND EFFICIENT MEANS FOR CITIZENS TO COMMUTE TO WORK, SCHOOL, SHOPPING AREAS, MEDICAL CENTERS AND OTHER URBAN AND SUBURBAN FACILITIES. CONTINUED PUBLIC SUPPORT IS NECESSARY TO MAINTAIN THE ADEQUACY OF THIS TRANSIT SYSTEM. IN ADDITION TO PROVIDING FREEDOM OF MOBILITY AND CONVENIENT ACCESS, THE AVAILABILITY AND USE OF A STRONG, VIABLE PUBLIC TRANSIT SYSTEM WILL NECESSARILY REDUCE THIS NATION'S DEPENDENCE ON FOREIGN OIL AND, AT THE SAME TIME, CONTRIBUTE TO A CLEANER ENVIRONMENT. PUBLIC SECTOR SUPPORT OF MASS TRANSIT IS AN ESSENTIAL ELEMENT IN STRENGTHENING THIS NATION'S SECURITY AND FINANCIAL STRENGTH.

IN ORDER TO REALIZE THESE BENEFITS, IT IS NECESSARY TO CONTINOUSLY MAINTAIN AND IMPROVE THE PUBLIC TRANSIT INFRASTRUCTURE. OVER THE PAST SEVERAL YEARS, HOWEVER, GENERAL FUND APPROPRIATIONS TO THE FEDERAL PUBLIC TRANSPORTATION PROGRAM HAVE BEEN SIGNIFICANTLY BELOW THE AMOUNTS AUTHORIZED. IN ALLEGHENY COUNTY, FEDERAL OPERATING ASSISTANCE FOR PUBLIC TRANSIT HAS DROPPED CONSIDERABLY OVER THE PAST TEN YEARS, FALLING FROM APPROXIMATELY $16 MILLION IN 1981 TO $9 MILLION IN 1991. SIMILARLY, FEDERAL CAPITAL EXPENDITURE ASSISTANCE HAS FALLEN FROM $90 MILLION TO $13 MILLION DURING THE SAME TIME PERIOD (SEE APPENDIX A). DESPITE THIS REDUCTION, PORT AUTHORITY OF ALLEGHENY COUNTY HAS BEEN ABLE TO MAINTAIN RELATIVELY LOW FARE AND HIGH SERVICE LEVELS. THE OUTLOOK TO FURTHER MAINTAIN SERVICE AND FARES IS BLEAK. CRITICAL PROJECTS NECESSARY TO MAINTAIN EXISTING ASSETS AND THE IMPLEMENTATION OF CAPITAL PROGRAMS NECESSARY TO KEEP PACE WITH PUBLIC DEMAND WILL HAVE TO BE DELAYED UNLESS FUNDING SOURCES ARE OBTAINED AND/OR RESTORED. DELAYS OF THIS NATURE, WILL NECESSARILY RESULT IN A LESSOR DEPENDENCE ON PUBLIC TRANSIT AND A GREATER DEPENDENCE ON THE PRIVATE AUTOMOBILE. IT LOGICALLY FOLLOWS THAT A

WEAKENING OF PUBLIC TRANSIT'S POSITION WILL INCREASE DEPENDENCE ON FOREIGN OIL, AND BE SELF DEFEATING WITH RESPECT TO THE PROGRESS MADE IN PROVIDING FOR A CLEANER ENVIRONMENT. IT IS IN THIS REGARD THAT ACTC CONSIDERS EXPENDITURES FOR PUBLIC TRANSIT AND INVESTMENT IN THE FUTURE OF THIS NATION - AN INVESTMENT WORTH MAKING. THE CURRENT SITUATION IN THE MIDDLE EAST POIGNANTLY ILLUSTRATES THE CRITICAL NEED TO REDUCE THIS NATION'S DEPENDENCE ON FOREIGN OIL.

TO ACCOMPLISH THE AFOREMENTIONED OBJECTIVES, PUBLIC TRANSIT IN ALLEGHENY COUNTY MUST RECEIVE A MINIMUM OF $2 BILLION OVER THE NEXT TEN YEARS FOR CAPITAL IMPROVEMENTS, AND MUST RECEIVE SUFFICIENT OPERATING FUNDS TO COVER EXPENSES NOT PAID BY REVENUES OBTAINED THROUGH THE ESTABLISHMENT OF REASONABLE AND AFFORDABLE FARE LEVELS. AMONG THE PLANNED CAPITAL PROJECTS ARE AN AIRPORT BUSWAY; EXTENSION OF THE EXISTING SUBWAY TO NORTH SIDE, OAKLAND AND SQUIRREL HILL; RECONSTRUCTION OF THE REMAINING TWELVE MILES OF TROLLEY LINES IN SOUTH HILLS; AND THE EXTENSION OF THE MARTIN LUTHER KING, JR. EAST BUSWAY.

THE MEMBERS OF THE ALLEGHENY COUNTY TRANSIT COUNCIL RECOGNIZE THAT PUBLIC SECTOR FUNDING FOR TRANSIT IS THE JOINT RESPONSIBILITY OF FEDERAL, STATE AND LOCAL GOVERNMENTS. MEMBERS OF THE COUNCIL HAVE BEEN WORKING DILIGENTLY TO OBTAIN INCREASED FUNDING FOR PUBLIC TRANSIT AT THE STATE AND LOCAL LEVEL. NOTWITHSTANDING THESE EFFORTS, ALLEGHENY COUNTY STILL URGENTLY NEEDS FEDERAL INVESTMENT IN PUBLIC TRANSIT.

ACCORDINGLY, ACTC URGES THE SUBCOMMITTEE TO SUPPORT THE STRUCTURING OF THE NEXT SURFACE TRANSPORATION ACT AROUND THE FEDERAL GAS TAX. UTILIZATION OF GAS TAX FUNDS FOR PUBLIC TRANSIT IS A LOGICAL RESPONSE INASMUCH AS THE EXISTENCE AND USE OF PUBLIC TRANSIT WILL NECESSARILY RESULT IN MORE EFFICIENT

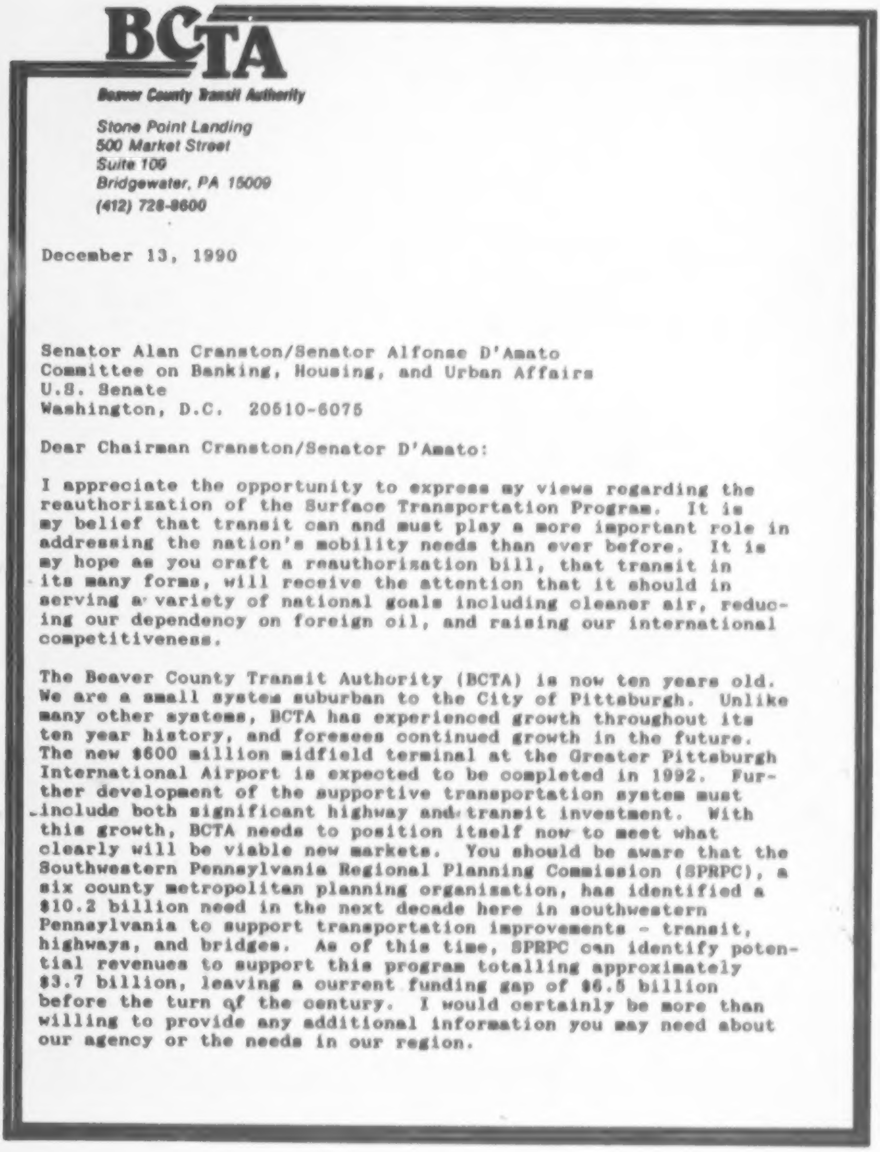
HIGHWAY UTILIZATION. ACTC ALSO URGES MEMBERS OF THE SUBCOMMITTEE TO CONSIDER INCREASING THIS TAX DURING THE NEXT ROUND OF BUDGET NEGOTIATIONS TO ENSURE THAT SUFFICIENT FUNDS ARE AVAILABLE TO COVER FUTURE OPERATING AND CAPITAL NEEDS OF PUBLIC TRANSIT. FINALLY, ACTC URGES CONGRESS TO RELEASE ALL FUNDS IT COLLECTS, AND HAS COLLECTED, THROUGH THE FEDERAL GAS TAX, AND TO REQUIRE THAT THESE FUNDS BE USED EXCLUSIVELY FOR TRANSPORTATION PURPOSES. AMOUNTS AUTHORIZED SHOULD EQUAL AMOUNTS APPROPRIATED. USE OF GAS TAXES FOR GENERAL FINANCING IS AN UNWISE AND DANGEROUS PRECEDENT. THE FUTURE OF THE NATION'S TRANSPORTATION STRUCTURE, AND, IN PARTICULAR, THE NATION'S MASS TRANSIT SYSTEM, SHOULD NOT BE HELD HOSTAGE TO THE ARBITRARY DIVERSION OF GAS TAX FUNDS FOR OTHER PURPOSES.

THE REENACTMENT OF THE SURFACE TRANSPORTATION ACT PROVIDES THE OPPORTUNITY TO INFLUENCE TRANSPORTATION DECISIONS IN A MANNER WHICH BENEFITS INDIVIDUAL LIFESTYLES, AND THIS NATION'S SECURITY AND ECONOMIC STRENGTH.

APPENDIX A

FEDERAL FUNDING FOR PUBLIC TRANSIT IN ALLEGHENY COUNTY
1981-1991
($ in Millions)

YEAR	TOTAL FEDERAL FUNDS AVAILABLE	TOTAL FEDERAL FUNDS TO ALLEGHENY COUNTY	
		Capital	Operating
1981	$4,615	$90.0	$16.0
1982	$3,727	$93.0	$13.5
1983	$4,345	$64.4	$10.8
1984	$4,243	$99.6	$10.8
1985	$4,151	$75.8	$10.7
1986	$3,530	$30.4	$10.4
1987	$3,452	$16.2	$10.0
1988	$3,215	$12.8	$ 9.1
1989	$3,154	$21.6	$ 9.1
1990	$3,048	$20.9	$ 8.9
1991	$3,341	$13.6	$ 8.8



BCTA
Beaver County Transit Authority
Stone Point Landing
500 Market Street
Suite 109
Bridgewater, PA 15009
(412) 728-8600

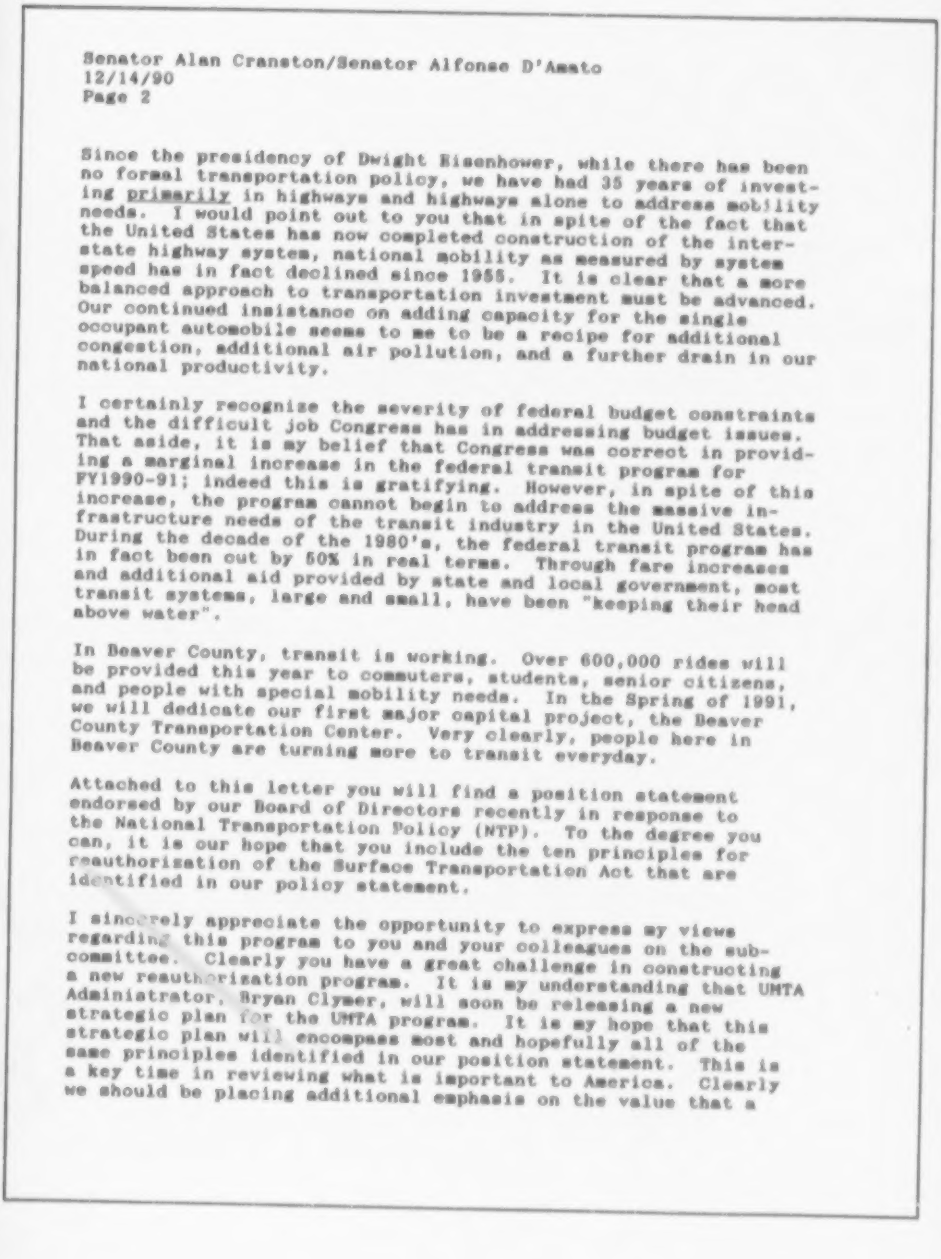
December 13, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

I appreciate the opportunity to express my views regarding the reauthorization of the Surface Transportation Program. It is my belief that transit can and must play a more important role in addressing the nation's mobility needs than ever before. It is my hope as you craft a reauthorization bill, that transit in its many forms, will receive the attention that it should in serving a variety of national goals including cleaner air, reducing our dependency on foreign oil, and raising our international competitiveness.

The Beaver County Transit Authority (BCTA) is now ten years old. We are a small system suburban to the City of Pittsburgh. Unlike many other systems, BCTA has experienced growth throughout its ten year history, and foresees continued growth in the future. The new $600 million midfield terminal at the Greater Pittsburgh International Airport is expected to be completed in 1992. Further development of the supportive transportation system must include both significant highway and transit investment. With this growth, BCTA needs to position itself now to meet what clearly will be viable new markets. You should be aware that the Southwestern Pennsylvania Regional Planning Commission (SPRPC), a six county metropolitan planning organization, has identified a $10.2 billion need in the next decade here in southwestern Pennsylvania to support transportation improvements - transit, highways, and bridges. As of this time, SPRPC can identify potential revenues to support this program totalling approximately $3.7 billion, leaving a current funding gap of $6.5 billion before the turn of the century. I would certainly be more than willing to provide any additional information you may need about our agency or the needs in our region.



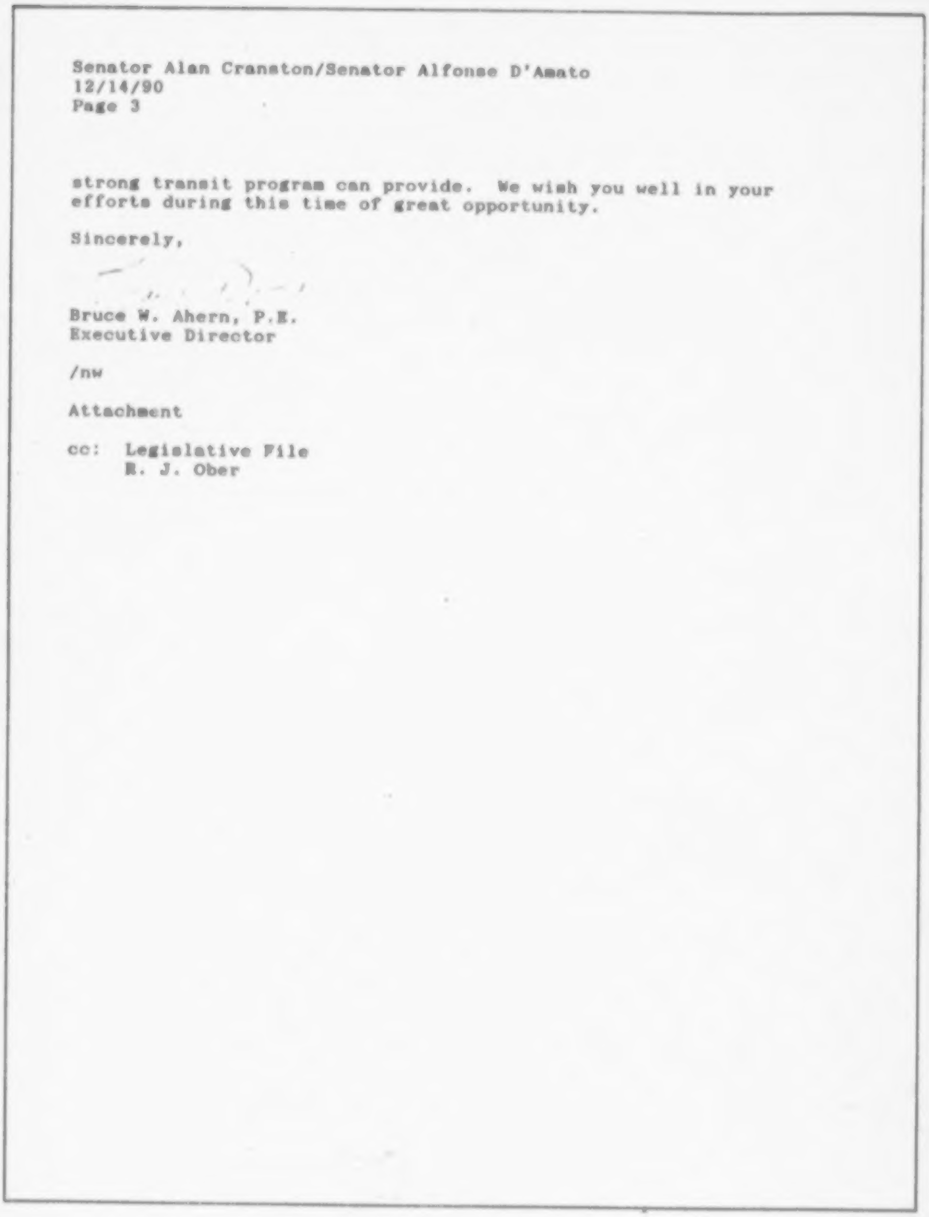
Since the presidency of Dwight Eisenhower, while there has been no formal transportation policy, we have had 35 years of investing primarily in highways and highways alone to address mobility needs. I would point out to you that in spite of the fact that the United States has now completed construction of the interstate highway system, national mobility as measured by system speed has in fact declined since 1955. It is clear that a more balanced approach to transportation investment must be advanced. Our continued insistance on adding capacity for the single occupant automobile seems to me to be a recipe for additional congestion, additional air pollution, and a further drain in our national productivity.

I certainly recognize the severity of federal budget constraints and the difficult job Congress has in addressing budget issues. That aside, it is my belief that Congress was correct in providing a marginal increase in the federal transit program for FY1990-91; indeed this is gratifying. However, in spite of this increase, the program cannot begin to address the massive infrastructure needs of the transit industry in the United States. During the decade of the 1980's, the federal transit program has in fact been cut by 50% in real terms. Through fare increases and additional aid provided by state and local government, most transit systems, large and small, have been "keeping their head above water".

In Beaver County, transit is working. Over 600,000 rides will be provided this year to commuters, students, senior citizens, and people with special mobility needs. In the Spring of 1991, we will dedicate our first major capital project, the Beaver County Transportation Center. Very clearly, people here in Beaver County are turning more to transit everyday.

Attached to this letter you will find a position statement endorsed by our Board of Directors recently in response to the National Transportation Policy (NTP). To the degree you can, it is our hope that you include the ten principles for reauthorization of the Surface Transportation Act that are identified in our policy statement.

I sincerely appreciate the opportunity to express my views regarding this program to you and your colleagues on the subcommittee. Clearly you have a great challenge in constructing a new reauthorization program. It is my understanding that UMTA Administrator, Bryan Clymer, will soon be releasing a new strategic plan for the UMTA program. It is my hope that this strategic plan will encompass most and hopefully all of the same principles identified in our position statement. This is a key time in reviewing what is important to America. Clearly we should be placing additional emphasis on the value that a



strong transit program can provide. We wish you well in your efforts during this time of great opportunity.

Sincerely,

Bruce W. Ahern, P.E.
Executive Director

/nw

Attachment

cc: Legislative File
R. J. Ober

BEAVER COUNTY TRANSIT AUTHORITY

STATEMENT OF POSITION
ON THE USDOT

NATIONAL TRANSPORTATION POLICY

The Board of Directors of the Beaver County Transit Authority (BCTA) welcome the delivery of the Administration's National Transportation Policy. We believe that there is no more important area of policy that can so dramatically impact a broad array of national goals including mobility, clean air, energy independence, and international competitiveness.

A comprehensive transportation policy must provide for the efficient movement of people and goods as its primary mission. Such a policy must however not be developed in a vacuum; that is, it must be aligned in all respects with a national energy policy, environmental policy, and a national land development policy.

It is clear to us that the absence of such a policy until this time has allowed results which have been entirely inconsistent with national goals stated by the administration. For example, --

- In spite of the completion of the most intensive highway building program in history since 1955, national mobility as measured by system speed has declined and continues to do so;
- While the country's population grew 18% between 1970 and 1985, the number of cars and trucks increased 63%;
- In spite of higher fuel efficient engines and other mandates to control emissions, the total pollutant burden, carbon monoxide, nitrous oxides, and particulates, continues to increase and add to the global warming trend;
- In 1989, 40% of the nation's trade deficit was due to oil imports;
- The growth in suburb-to-suburb commuting is a land development trend that dramatically increases all infrastructure costs including transportation.

These are some of the results of the lack of policy and therefore, we congratulate Secretary Skinner and the administration on their efforts to provide policy guidance.

Early in this decade, our region is presented with a time of unparallelled opportunity. With the completion of the Midfield Terminal in Pittsburgh and the Beaver Valley Expressway, it is our expectation that the local economy will be given a "jump start" into the 1990's. We appreciate that transportation investments such as these provide a catalytic impact to our economy.

The National Transportation Policy is a sound first step, and we support this concept. However, we cannot endorse a policy which suggests as a primary tenet that a reduced federal role in transportation financing is appropriate.

As we move from this policy to the re-authorization of a national transportation program, we urge you to support the incorporation of the following principles.

1. Federal transportation policies and programs should require the integration of transportation and land-use decisions in order to provide development that is conducive to and encourages use of high occupancy shared-ride transportation service.

2. As federal mandated actions are developed into specific programs to meet goals for provision of mobility for persons with disabilities and to achieve national goals for clean air, continuing federal support should be provided for those objectives.

3. The federal tax code should be revised to encourage private and non-federal investment in transit, and to eliminate the taxation of employer-transit subsidies and other disincentives to transit use.

4. The federal policy should enhance and strengthen the role of existing regional decision-making authority over the use of federal transportation funds.

5. Funds currently available in the transportation trust funds for both highway and transit should be used for transportation investment purposes and not for deficit reduction purposes.

6. Transportation policy should focus on the movement of people, rather than the single occupant auto. We need to address the goal of a reduction in vehicle miles of travel while accommodating increased passenger miles of travel.

7. An immediate consideration must be given to an increase in gasoline tax and motor fuels tax. Such a tax should be made permanent in order to support needed infrastructure investment in transit, highways, and bridges.

8. A new reauthorization program must provide added reliability and predictability of federal funding through dedicated revenue sources at the federal level and expanded use of multi-year federal funding programs.

9. The new national policy should encourage the introduction of user fees, such as toll roads, as a means of providing for long-term maintenance as required. Such a policy will allow the maximum use of federal funds in other areas.

10. We support a dramatic increase in federal funding to be available for the purposes of research and development for surface transportation programs including highspeed ground transportation.

We believe that the incorporation of these principles along with consistent changes in state policy will provide a stronger overall transportation program here in Beaver County, in southwestern Pennsylvania, and throughout the Commonwealth.

October 11, 1990

Richard J. Ober
Chairman

10/16/90
Date

Attest: Bruce W Ahern
Bruce W. Ahern
Executive Director

10/16/90
Date

Berks Area
Reading Transportation Authority

1700 NORTH 11th STREET • READING, PA 19604 • PHONE 215-921-0601• FAX 215-921-9420

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Dennis D. Louwerse

Counsel
Richard L. Orwig

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston/Senator D'Amato:

I am pleased to be invited to express my views as you begin consideration of changes to the Urban Mass Transit Act and other parts of the Surface Transportation Act.

All of us want and support the betterment of this nation with a clean environment, strong economy, better quality of life, greater mobility, and safer travel. In pursuit of these goals, we must work together to support major expansion of our public transportation systems to prepare us for the next century. Our nation is changing rapidly. The transportation solutions that met America's needs forty years ago do not apply to the emerging problems we face today--an increase in automobile emissions, congestion on our nation's highways, our dependence on foreign oil, rising health costs due to pollution, and lack of mobility for the transportation disadvantaged-- particularly the elderly, persons with disabilities, low-income individuals and people living in rural areas. Transit is the collective answer to many of these problems. I sincerely hope that you and your colleagues will be able to put together a program that responds to these existing and emerging needs.

The Berks Area Reading Transportation Authority provides more than 4 million rides a year to the citizens of Reading and Berks County, Pennsylvania. We know that without our transit system Berks County's roadways would be more congested. We also realize that without our transit system our elderly, disabled, and low-income residents would become further isolated, inhibiting their ability to contribute to our community. We know that without our transit system our air quality would worsen and our health risks and costs would continue to increase. We know what Berks County's future would be like without adequate mass transit facilities and our focus continues to be on the preservation of our system for the present and future.

We have formed a local citizens action committee called the REading Area Coalition for Transit NOW (REACT NOW). Our mission as REACT NOW members is to educate our community on what our future holds without an adequate mass transit system. We have spent the last several months educating our local leaders and community on the value of public transportation--environmentally, economically and socially. Our community is becoming more aware of the benefits of BARTA to the Reading and Berks County area. They realize that investment now in our transit facility would improve everyone's situation, especially in light of our weakening economy.

Our business leaders realize that investment in transit pays off in job creation and business revenue, and it helps America in its competitive position in the world market. Consider that every $10 million in transit capital investment supports 770 jobs and produces $33 million in business revenues; every $10 million in transit operating investment supports 960 jobs and produces $30 million in business revenue. Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transit infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout this nation and in the Reading area.

Dirty air is no longer a big city problem. It is starting to plague our smaller communities. **Reading was among eleven urban areas listed in a report by the Environmental Protection Agency, as failing to meet national air quality standards for smog on an average of more than three days per year between 1987 and 1989. The EPA said the Reading area exceeded the federal limit on an average of 3.4 days each year over the three year period.** Motor vehicles are responsible for 40 to 60% of the hydrocarbons that produce this urban smog.

Our community is starting to realize through education that if one person were to ride BARTA to work instead of driving, in one year they would save our environment from 9.1 pounds of hydrocarbons, 62.5 pounds of carbon monoxide and 4.9 pounds of nitrogen oxides.

Our community is starting to realize through education that if one person would ride BARTA to work instead of driving, in one year they would save almost 200 gallons of gasoline.

Our community is starting to realize through education that if each American were to double-up in a carpool with another person, we would save up to 40 million gallons of gasoline a day.

In Reading and Berks County we are striving to emphasize these and a number of other benefits of public transportation. As a member of the American Public Transit Association, we are sharing our experiences, in forming this local coalition and the process of educating our community on the importance of mass transit, with other transit authorities across the country.

There has to be a national strategy that includes a renewed commitment to public transportation.

I am grateful for the funding increase Congress has provided in the federal transit program for fiscal year 1991, especially in light of severe federal budget constraints. I am also grateful that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

However, I feel that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50% in real terms. In a nation the size of the United States, transportation is a national concern deserving national treatment. We can not address all of our nation's needs without an adequate federal program. No longer can we expect to get by on more deferred maintenance and patch-work financial support. At BARTA, we have tried to reduce in-house spending rather than sacrifice service to our riders. With the increase in fuel prices adding to our operating costs, we can no longer get by on in-house constraints. We are considering a fare increase in the very near future--a fare increase that will only serve to hurt the segment of our community that BARTA traditionally has provided for the most--the elderly, disabled and low-income population.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs. At BARTA, we are in the process of replacing an aging bus fleet-- a majority of which had exceeded their average vehicle life of twelve years. We currently have twelve vehicles in operation that are over fifteen years old and are in need of replacement--which represent nearly 25% of our fleet of transit coaches. In the replacement process, we have exhausted our Section 9 Formula Capital Grant Funds from previous budgets. In order to replace the remaining twelve aging vehicles, whose delivery is expected in the summer of 1991, we are forced to resort to Section 3 (Discretionary) Funds in order to provide for normal replacement. We believe that an adequate level of Section 9 Formula funds should be provided to insure a timely replacement of aging vehicles in the future.

The industry's proposal for a federal transit program of $[illegible] billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit, is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated in today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to produce a new surface transportation bill, we believe the need for a federal transit program, as outlined, is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope the reauthorization can capitalize on the funding increases already provided for in FY 1991--the increase in investment in domestic programs under the Budget Act and the potential for further increases to meet domestic priorities.

In reauthorizing the transit program, I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would like to request, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

* The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

* In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit in the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, shared-ride services.

* Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

* Establish a stronger multi-modal approach in planning, funding and decision making.

* Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

* Increase reliance on a predictable formula funding using factors better reflecting transit needs.

* Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, shared-ride services.

* An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

* The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as deterrents to transit use.

* Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

- In order for transit operators to meet the needs of citizens with disabilities, and to fulfill the many costly requirements established under the Americans With Disabilities Act, the new authorization needs to address these costs.
- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.
- Federal operating assistance for all sizes of transit systems is an essential element of the federal program. This must continue in order to assure adequate maintenance and effective operation of transit capital investment.
- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

Reading and other U.S. cities would have ceased to function long ago if it were not for their rail and bus systems, the interconnecting system of railroads, busways, and high-occupancy vehicle lanes that whisk commuters to and from jobs and help keep cars off the road.

Our transportation network has fallen on bad times. The nation badly needs to halt this deterioration and shape our transportation strategy well into the 21st century.

I sincerely appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill.

On behalf of the citizens of Reading and Berks County, Pennsylvania, I ask you to support and fight for a renewed commitment to public transportation, because environmentally, economically, and socially--our future rides on it.

Sincerely,

Dennis D Louwerse

Dennis D. Louwerse
Executive Director,
BARTA

DDL:lar

CENTRE AREA TRANSPORTATION AUTHORITY
330 OSMOND STREET • STATE COLLEGE, PENNSYLVANIA 16801 • (814) 238-0825

November 29, 1990

Senators Alan Cranston/Alfonse D'Amato
Committee of Banking, Housing and Urban Affairs
U.S. Senate
Washington, DC 20510-6075

Dear Chairman Cranston/Senator D'Amato

I appreciate the offer, extended in your letter of October 18th, to provide you with suggestions on the reauthorization process for the surface transportation program. As long-standing advocates of mass transit, I am sure that you are well aware of the needs of the public mass transit systems and the industry proposals which have been presented for addressing these critical needs. The ever-increasing demands for transit service, an aging infrastructure and inadequate funding investments have made public transit an industry in peril. Only prompt and resolute action can remedy the difficult circumstances the industry confronts as we face the 21st century. It is my fervent hope that you and your Congressional colleagues will be successful in forging a surface transportation program for the nation which effectively addresses both existing and emerging mobility needs.

I serve as the General Manager of the Centre Area Transportation Authority (CATA), a small urbanized transit authority in State College, Pennsylvania, serving the surrounding Centre Region communities and the Pennsylvania State University's main campus. CATA employs sixty (60) people. Last year, CATA provided nearly 2.5 million passenger trips to the area's 100,000 residents.

Additionally, I am the elected President of the Commonwealth's public transit association - the Pennsylvania Association of Municipal Transportation Authorities (PAMTA). In this capacity, I act as the designated spokesman for Pennsylvania's 38 urban and rural transit systems. This position provides me with a unique perspective on public transportation achievements and challenges throughout the "Keystone State".

Locally, CATA is experiencing a demand for growth and the resulting financial pressures that are unprecedented in the Authority's 16-year history. After a year of construction, CATA's new Administrative and Maintenance Facility is nearing completion.

A funding shortfall for the building remains. Within the last year, the Authority began a campus/downtown business district circulator in combination with a PARK & RIDE program. This transportation initiative was the result of a cooperative Public-Private sector partnership joining Penn State University, State College Borough and private business groups to address downtown traffic congestion, pedestrian safety, and parking shortages. This project fore-shadowed extensive interaction with the private sector and local government, as encouraged by the National Transportation Policy promulgated by Transportation Secretary Samuel Skinner and President Bush, to forge such "Public-Private Partnerships to help finance transit improvements and demand management strategies for new commercial and residential developments. (Coincidentally, the The National Transportation Plan's architect, Thomas Larsen, is a State College native.)

All of this economic growth and expanded mobility options have put a serious strain on CATA's already thinly-stretched operating and capital resources. With the decline in federal mass transit investment over the past decade, state and local government have not been able to adequately fill the gap. As a result, CATA, like many other transit properties throughout Pennsylvania, is left straddled with an aging bus fleet, diminished resources, and a greater demand for its services. Specific proposals are under consideration in Pennsylvania to alleviate this funding crisis by securing a dedicated source of transit financing.

It is a welcome sign that as part of the recent budget negotiations, the federal transit program received increased funding and a dedicated portion of the gasoline excise tax to be deposited in the Mass Transit Account of the Trust Fund. I strongly support these actions and am convinced of the public's growing awareness of the critical role transit plays in the nation's economic, social and environmental well-being.

However, I must be frank in telling you that although a welcome beginning, these measures do not go far enough in addressing the pressing needs of the transit industry. The American Public Transit Association (APTA) has recently released a nationwide survey of transit systems which identifies $90 billion in capital requirements during the next five-year period. Nearly all Pennsylvania transit properties, such as CATA, have had to postpone much-needed replacement and rehabilitation projects, due to inadequate transit investment. In Pennsylvania alone, transit systems will need $6.5 billion for basic rehabilitation and modest expansion, where only $1.5 billion exists at current funding levels.

Locally, CATA's new Transit Facility has waited over seven years while adequate funding was secured. During that period of time, CATA's fleet has aged, requiring increased maintenance costs which, in turn, have put added strain on the Authority's operating budget. There is no need to detail the profound impact that events in the Middle East have had on transit's already precarious position. Local transit authorities will not long be able to meet the transportation needs of the people at a time of increased energy cost and instability in supply, unless there are dramatic steps taken to deal with the twin evils of this essential mobility service: the decaying infrastructure and inadequate funding.

As the Congress begins its work of reauthorization of the Federal Transit Program, a new sense of responsibility and bold efforts are needed to craft a balanced approach to keep America moving. The present UMTA formula and discretionary programs are worthy of support, but the reauthorization bill must establish program levels and priorities that congressional appropriation committees will follow.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Establish a stronger multi-modal approach in planning, funding and decision-making.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.
- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.
- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.
- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.
- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy share-ride services. Other federal policies should incorporate the same objective.
- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.
- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.
- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

This reauthorization is the first since the completion of the interstate highway system and the first in an era of new respect for our environment and energy conservation. As such, the reauthoristion provides a unique opportunity to craft a bold and far-sighted bill which will squarely address the essential mobility needs of our country. I, and the entire Pennsylvania transit industry, stand ready to aid in the work to be done. We have investigated the needs and know the methods necessary to satisfy those needs. Give us the tools and we will do the job.

Thank you very much for the opportunity to provide my perspective on the important transportation initiative ahead.

Sincerely,

Kevin

Kevin C. Abbey
General Manager

LANTA
LEHIGH AND NORTHAMPTON TRANSPORTATION AUTHORITY

November 21, 1990

The Honorable Alan Cranston
and Alfonse D'Amato
U.S. Senate
Subcommittee on Housing
and Urban Affairs
Washington, DC 20510-6075

Dear Senators Cranston and D'Amato:

In response to your request, attached is a paper outlining various recommendations for changes in transit policy that Congress needs to consider as part of their effort to reauthorize the Surface Transportation Act. I am pleased to submit these comments on behalf of the Lehigh and Northampton Transportation Authority.

Thank you for this opportunity to participate in this most important effort. I look forward to hearing from you regarding the proposed transit conference. If there are any questions, please contact me. Your continuing support is appreciated.

Sincerely,

Armando V. Gréco
Executive Director

avg/jmm

TWELFTH AND CUMBERLAND STREETS • ALLENTOWN, PA 18103 • 215/435-4517

RECOMMENDATIONS OF THE LEHIGH AND NORTHAMPTON TRANSPORTATION AUTHORITY REAUTHORIZATION OF THE SURFACE TRANSPORTATION ACT

PRESENTED BY ARMANDO V GRECO, EXECUTIVE DIRECTOR

Introduction

For the Lehigh and Northampton Transportation Authority, I am pleased to participate in the Senate Sub-Committee on Housing and Urban Affairs efforts to gather comments and recommendations regarding necessary changes in mass transit policy and the reauthorization of the Surface Transportation Act.

Outlined below is a statement presenting the Authority's views on current issues, changing transportation demands, and recommended policy direction. For the Authority, I laud the process you have undertaken to gather input from a wide range of interests and encourage the development of a new transportation act that would result in a coordinated intermodal transportation system for meeting our Nation's transportation needs into the next century.

LANTA Background

To place the comments that will be made into perspective, it is important to know a bit about the Lehigh and Northampton Transportation Authority (LANTA) and our concerns. LANTA was created in March of 1972 by the Pennsylvania counties of Lehigh and Northampton to serve the urbanized areas of Allentown, Bethlehem, and Easton. Located in the Lehigh Valley, about 60 miles north of Philadelphia and 70 miles west of New York City, we are the third largest metropolitan area in Pennsylvania with a population of about 500,000.

Metro, our fixed route operation, supplies approximately 2 million miles of service and 4.5 million passenger trips each year over 18 fixed routes. Metro Plus, our specialized transportation division, was created in July 1988 to coordinate and broker the special/demand transportation services to the elderly and handicapped for the two counties. Annually, 280,000 trips are delivered through this specialized system.

Over the past decade, acres and acres of what was outlying farm land in the Lehigh Valley have been developed for use as office and industrial parks, attracting many new businesses to the area. Consequently, the number of available jobs is increased to a record high. Housing and retail development has also boomed. These factors, along with our economy becoming more service than manufacturing oriented, have led to some significant challenges to the transportation system.

The quality of our air is not good and despite the best efforts of our regional planning agency, land use development has been relatively uncontrolled. Our highway network is strained to the limit, with traffic jams now a part of everyday life.

Regional growth is continuing at a brisk pace with an enormous amount of commercial development still under construction. These projects, when completed, will lead to more than 25,000 additional jobs to be filled. With most of these projects outside the city limits, the reverse commute is becoming the norm. This, of course, places a great strain on access to these new job opportunities by both the economically and physically disadvantaged.

Two years ago LANTA adopted the slogan "more than just a bus company." Though still strongly committed to our fixed route operations, we are working closely with local community leaders to implement some new approaches to solving transportation problems in the Lehigh Valley. These small projects are just a tip of the iceberg, however, and most likely will continue to be rhetoric unless national transportation policy and funding legislation supports the creation of an agenda to encourage ride-sharing solutions. With the catalyst of a federal partner, and opportunities for new and innovative options, there scope is almost endless.

Recommendations

In its Transit 2000 Task Force report, the American Public Transportation Assocation emphasized that the mission of public transportation in the years ahead is to enhance personal mobility and in the process contribute in a major way to the solution of problems that threaten our economy and our quality of life. The Lehigh and Northampton Transportation Authority agrees with the report's recommendations. This Authority believes the key elements of the report should be incorporated into our national transportation policy and funding legislation. They are outlined as follows:

1. Because current highway and transit programs are not adequately responsive to current and emerging needs and problems, the federal surface transportation program should be structured to increase flexibility. This restructuring must be combined with a substantial increase in federal investment.

2. To achieve a closer link to mobility goals and the broader national goals, the definition of transit and UMTA's role, should be broadened to promote increased availability and use of high occupancy shared-ride services to better serve diverse travel needs, to promote coordination between all modes, and to reduce vehicle miles of travel while increasing passenger miles of travel.

3. The national transportation program should enhance and strengthen existing regional decision-making authority over the use of federal transportation dollars. The federal program should return to the block grant concept originally envisioned in the Surface Transportation Act of 1982.

4. Although continuing support for maintenance of existing facility should be done on a modal basis, the federal transportation program should establish a stronger multimodal approach in planning, funding, and decision-making for projects that are designed to increase transportation system capacity.

5. National transportation funding should increase its reliance on fully dedicated federal sources for basic transportation investment to enhance mobility. This investment must be for continuing operating assistance as well as capital improvements.

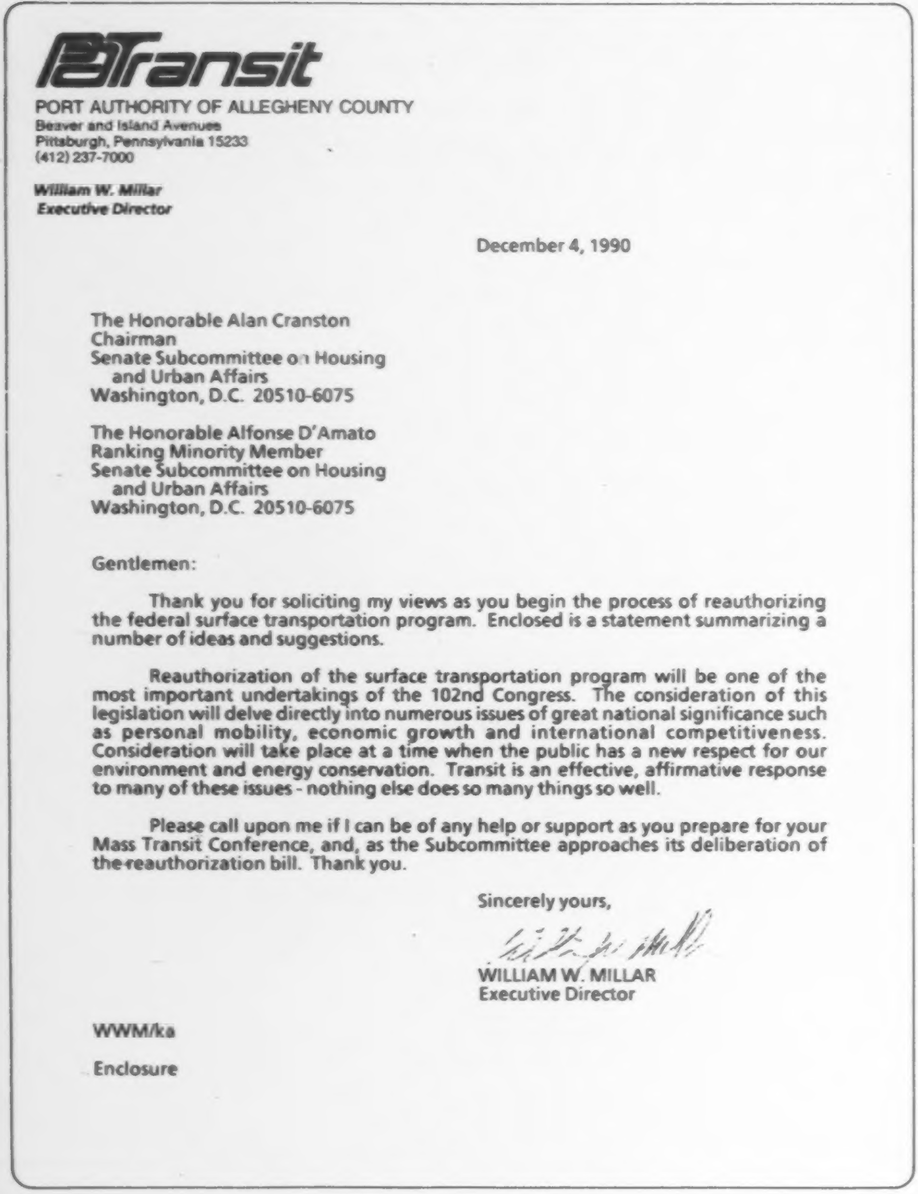
6. It is essential that the federal tax code be revised to promote private and nonfederal investment in transit, such as eliminating the taxation of employer subsidized transit passes and other disincentives to transit use.

7. Federal transportation policy and programs must require closer integration of transportation investments and land use decisions.

Conclusion

In conclusion, let me again emphasize that a predictable and reliable source of funds must be dedicated to the operation, maintenance and upgrading this nation's transportation infrastructure as well as finding solutions to moving goods and people while at the same time reducing vehicle miles of travel. Expansion, however, must look to a total "transportation solution" with environmental, economic, and social elements taken into equal consideration in the study of each transportation improvement project.

Public transit is alive and well in the Lehigh Valley. It is our mission to continue to be of service to the residents of this community to help preserve and enhance our fine quality of life. It is essential that federal transportation policy and funding legislation recognize the need to maintain and expand its role so that we may reach our full potential.



PATransit
PORT AUTHORITY OF ALLEGHENY COUNTY
Beaver and Island Avenues
Pittsburgh, Pennsylvania 15233
(412) 237-7000

William W. Millar
Executive Director

December 4, 1990

The Honorable Alan Cranston
Chairman
Senate Subcommittee on Housing
and Urban Affairs
Washington, D.C. 20510-6075

The Honorable Alfonse D'Amato
Ranking Minority Member
Senate Subcommittee on Housing
and Urban Affairs
Washington, D.C. 20510-6075

Gentlemen:

Thank you for soliciting my views as you begin the process of reauthorizing the federal surface transportation program. Enclosed is a statement summarizing a number of ideas and suggestions.

Reauthorization of the surface transportation program will be one of the most important undertakings of the 102nd Congress. The consideration of this legislation will delve directly into numerous issues of great national significance such as personal mobility, economic growth and international competitiveness. Consideration will take place at a time when the public has a new respect for our environment and energy conservation. Transit is an effective, affirmative response to many of these issues - nothing else does so many things so well.

Please call upon me if I can be of any help or support as you prepare for your Mass Transit Conference, and, as the Subcommittee approaches its deliberation of the reauthorization bill. Thank you.

Sincerely yours,

WILLIAM W. MILLAR
Executive Director

WWM/ka

Enclosure

Comments of
William W. Millar
Executive Director
Port Authority Of Allegheny County

On The

REAUTHORIZATION OF THE FEDERAL SURFACE TRANSPORTATION ASSISTANCE ACT

Submitted to the

HOUSING AND URBAN AFFAIRS SUBCOMMITTEE
OF THE
SENATE BANKING, HOUSING AND URBAN AFFAIRS COMMITTEE

NOVEMBER, 1990

I thank the Senate Housing and Urban Affairs Subcommitte for soliciting my views as you begin the process of reauthorizing the federal Surface Transportation Program. While the Congress has been understandably preoccupied with internationally significant events such as the crisis in the Middle East, and domestic issues such as budget reform, the collapse of U.S. savings and loans, and better environmental laws; the need to rehabilitate and improve our nation's transportation network has been patiently waiting its turn as an issue of critical national importance. Indeed, few issues are as critical to the nation's economic and social well being, or as central to our daily lives and lifestyle as is our personal mobility. It is time for Congress to once again put forth strong policies in support of effective transportation investments.

Having said this I want to express gratitude to Congress for providing an increase in federal transit funding for fiscal year 1991 and also for the increase in the portion of the gas tax to be used for mass transit. I believe that these actions can begin a trend of increased emphasis on the surface transportation needs facing this country.

I am submitting these comments as the Executive Director of Port Authority of Allegheny County, a large transit system based in Pittsburgh, PA. Port Authority - which local residents know simply as "PAT" - owns and operates nearly 900 buses, 71 streetcars and light rail vehicles and two inclined planes. In addition, PAT contracts with 12 private taxi companies and human service agencies to provide specialized transit service for elderly and disabled persons through a popular and successful program known as "ACCESS". The newest addition to PAT's family of services is the Monroeville Link, a privately contracted set of minibus routes which connect certain low density suburbs with main line routes. Altogether, on a typical weekday about

300,000 transit riders use PAT services to travel to and from their jobs, to shop, to worship, to go to school or to pursue other social and professional needs. In short, we offer mobility to thousands of individuals who choose to utilize public transit for its convenience and cost savings or who have no alternative means of transportation.

Over the past twenty-five years a federal-state-local partnership has successfully brought about a revitalization of public transit in Allegheny County. Port Authority's services provide for the daily transport of sixty percent of downtown Pittsburgh's commuters and fifty percent of daily downtown shoppers. A new downtown subway is carrying passenger volumes above those which were projected and Port Authority's highly successful South Busway and Martin Luther King, Jr. East Busway have become models for transit systems throughout the world. The capital and operating support provided through the federal transit program has clearly been a catalyst to this success story.

However, notwithstanding the small fiscal year 1991 increase, appropriations to the federal public transportation program over the past several years have been significantly below the amounts authorized. This has brought about a backlog of reinvestment needs, and a shortage of capital to take advantage of new opportunities. Port Authority's capital needs over the next 10 years will be in excess of $2 billion. These funds will be needed to finance routine replacement of PAT's facilities and rolling stock as well as to make new investments to expand the public transportation system. Among these projects is Port Authority's Airport Busway, which will provide a critical link between downtown Pittsburgh and the new Midfield Terminal of the Greater Pittsburgh International Airport currently under construction and due to open in the fall of 1992.

It has been said that our public infrastructure is the glue which holds our private economy together. David Aschauer, an economist at the Federal Reserve Bank of Chicago, wrote in the Wall Street Journal recently:

> "Private sector production of goods and services depends crucially upon an adequate and well-maintained stock of public sector capital: a public infrastructure of roads, bridges, mass transit, water and sewer systems and similar facilities. If public sector capital accumulation fails to keep pace with private sector capital accumulation, it can be expected that:
>
> 1) the rate of return to private capital will suffer;
> 2) private investment will be depressed; and
> 3) private sector productivity will stagnate."

Beyond capital, there is a critical need as well for funding to sustain the daily operation of transit service as well as maintain the facilities and vehicles purchased with federal funds. Dramatic increases in the cost of fuel over the past several months have forced Port Authority and other transit systems to propose fare increases at a time when Americans need to be using transit more and decreasing their consumption of expensive foreign petroleum. Adequate and ongoing funding is necessary to fill gaps such as this.

While we may well agree on the importance of and the need for transportation investments, the question of how to pay for these investments has been a matter of considerable discussion. Earlier this year President Bush and U.S. Transportation Secretary Samuel Skinner presented an outline for a national transportation policy.

Their report put forth a number of excellent concepts, such as the need for increased investment in transit infrastructure, flexibility in use of certain highway and transit funding and the need to integrate regional land use policies with regional investment decisions. The plan highlighted the economic importance of improved transportation systems, but left open the issue of who would assume the lead in responding to such needs. However, with world attention riveted on the middle east and possible worldwide petroleum shortages, Secretary Skinner elaborated on his thoughts, saying recently:

> "As part of our desire in the area of energy conservation objectives, it may very well be that next year's mass transit budget and the out-year budgets may get a bigger share of federal funding as well as an encouragement for greater local funding."

I hope the Congress and the President will heed Secretary Skinner's sound advice and increase our national investment in transit.

Funding for public transportation is an investment, not an expenditure. It must be viewed as an investment in clean air and a livable environment; an investment in energy conservation and in national security as we find ways to reduce our dependence on foreign oil; a critical national need as is so plainly evident by what is currently transpiring in the Middle East. Public transit must also be viewed as an investment in the efficient use of our highway systems and the tax dollars which support that system; as an investment in safety and economic growth; as an investment in a better quality of life. In short, public transit is an investment in people and it is an investment that must be expanded.

An increase in the federal gas tax is a logical source for this investment. I urge the subcommittee to build the next surface transportation reauthorization bill around a further increase in the federal gas tax as well as a spend down of gas tax money already collected. Together with current federal funding for public transportation a seven cent hike in the federal gas tax would support a federal transit program of $11 billion per year to restore and expand bus, rail and other shared-ride services. I believe that a bold, ambitious program of this magnitude is absolutely necessary if public transportation is to have the desired, prominent impact on our transportation future.

I understand that the Budget Enforcement Act of 1990 may affect your efforts to craft a new surface transportation bill. However, any new limitations do not diminish the need for increased investment or the need for a progressive, forward-looking bill. If the new budget law initially imposes limitations I would hope to achieve our goals over time through any and all opportunities for growth which are possible.

Beyond this I believe there is an evolving consensus among public interest groups as to the structure of the new program. The two essential elements of the program should be:

1. Reinvestment in existing transit services

Adequate federal funding for the renewal of existing transit services should be provided by formula directly to transit agencies to be used in accordance with locally determined transit needs. A minimum annual federal investment of $7 billion will be needed to address these fundamental reinvestment requirements. Funds will need to be allocated with a balance between new and older areas. Measures are needed to mitigate the impact on areas which have lost population since the 1980 census. Population losses have not been accompanied with decline in the need for funding. Older cities which have lost population also have lost part of their economic base, and should be "held harmless" from losing any formula funding.

The reinvestment element of the program should provide increased levels of funding to all sizes of operators for purposes of "system maintenance". In urban areas of over 200,000 this would substitute for the federal operating assistance which is currently provided, and would be used for more limited and clearly defined purposes.

I urge the Subcommittee to place special emphasis on the need to renew and expand the nation's fleet of transit buses. This is critical if we are to ensure the adequacy of public transportation in the event of a national energy shortage. This will also expedite the transition to serving the special needs of elderly and disabled persons pursuant to the standards and policies established through the recently enacted Americans with Disabilities Act.

2. Metropolitan "Capacity Expansion" Program

Supplementing this reinvestment program, funding should be provided at the metropolitan level for the funding of major capacity expansion. The metropolitan region would determine the transit and/or highway use for these funds, consistent with local objectives. Currently, investment decisions are often biased toward a particular mode due to factors such as the availability of targeted categorical funding, or by differences in local match requirements from one mode to another. Further, regions should not be prohibited from substituting public transportation projects for road projects at any level. The federal share for these and all other federal transportation capital investments should be a constant 80 percent.

The American Public Transit Association's Transit 2000 task force report titled "Managing Mobility" provides an excellent discussion of these and other concepts. I urge the Subcommittee to consider these ideas as it develops and enacts reauthorizing legislation.

There is also a strong consensus in support of a significantly increased transit research and development program. Expanded federal support for basic technological and operations research on behalf of public transportation will enable transit operators to perform better, and will ensure the survival of a vigorous domestic supply industry and the jobs and revenues that industry creates. We have seen the effects of too little research in other fields. Innovation is stifled and new challenges cannot be met. Domestic suppliers wither and jobs are lost offshore. Transit needs to be innovative if it is to improve its efficiency, run cleaner buses, and meet the growing demand for its services into the next century. Research can provide the guiding light.

A report by the Transportation Research Board titled "Research for Public Transit: New Directions" (TRB Special Report 213) outlines the scope and content of such a program. The recommendations of this report should be used as a blueprint to develop a new federal initiative on transit research and development.

The reauthorization of the Surface Transportation Assistance Act also provides an opportunity to make other changes which can make the UMTA program work better. I urge the Subcommittee to structure a program which maximizes the ability of recipients to use funds in accordance with their own needs and with a minimum of paperwork and red tape. I urge the subcommittee to work with UMTA to simplify the planning process required for major capital investments. Finally, I urge the Subcommittee to continue to explore applications of creative financing, which could include using the pledge of future federal funds to secure loans.

In conclusion, as the first reauthorization of the Federal Surface Transportation Program to occur after the completion of the interstate highway system, the Housing and Urban Affairs Subcommittee has a unique opportunity to look to new policies and programs to direct the course of our nation and its communities. If we do nothing to change current trends our cities and suburbs will face a future of gridlock; public mobility will be continually threatened by foreign oil and international instability; our ability to compete in global markets will continue to decay, the air we breathe and the world environment will deteriorate.

Federal policies need to counter such trends, not contribute toward them. A poll conducted in June by Market Strategies, Inc. revealed that extensive public support exists for additional investments in public transportation. Sixty-six percent of those polled said they would be willing to pay seven cents per gallon more in federal gasoline taxes in order to expand public transportation and maintain highways in the areas where they live. Estimates are that this would cost the average driver about $1 per week over the course of a year. Moreover, forty-eight (48) percent of Americans agree with the idea that "we must begin now to provide more transportation choices, and reduce dependence on driving alone in personal cars".

Thus, the re-enactment of the Federal Surface Transportation Assistance Act offers the opportunity to influence transportation decisions and choices in ways which will positively impact our lifestyle and quality of life for many years ahead. I pledge to work with you in this task in any way I can. Thank you for the opportunity to comment.

Southeastern Pennsylvania
Transportation Authority

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Chief Operations Officer
General Manager
Louis J. Gambaccini

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November 29, 1990

Honorable Alan Cranston
Chair
Subcommittee on Housing and Urban Affairs
Committee on Banking, Housing, and Urban Affairs
United States Senate
112 Senate Hart Office Building
Washington, DC 20510-0501

Dear Senator Cranston:

Thank you for soliciting, in your letter to me dated October 18, 1990, my comments and suggestions on next year's reauthorization of the Surface Transportation and Uniform Relocations Assistance Act.

As Chief Operations Officer/ General Manager of the nation's fourth largest public transit system, I obviously have a keen interest in this act. Let me reiterate that the 102nd Congress will have a golden opportunity to redirect national transportation policy to a focus on the safe and efficient movement of people, not of vehicles.

I have enclosed my suggestions along with an Executive Summary. Please contact me if you have any questions or comments.

I look forward to the conference on mass transit issues in Washington, DC early next year. Thank you again for the opportunity to explain my vision of the nation's transportation future.

Sincerely,

L J Gambaccini

Louis J. Gambaccini
Chief Operations Officer/
General Manager

Enclosure

EXECUTIVE SUMMARY

Why a federal role?

The federal government must increase its support of public transportation because mass transit ridership yields nation-wide benefits.

- Reduced highway congestion and air pollution lead to a more healthful and more productive work force.
- Transit preserves open space by providing mobility needed to support development of higher density.
- Energy efficient transit promotes the national goal of energy independence.
- Transit enhances equality of opportunity by providing access for the poor to higher paying jobs in the suburbs, reducing the social ills that accompany the hopelessness of inner city life. In addition, these workers pay taxes.
- Investment in transit infrastructure saves government dollars by reducing the need for highway construction.
- Investment in transit infrastructure creates jobs, and those jobs produce a public asset that accrues benefits for decades.
- Transit is a major source of mobility in America's urban areas, and is key if this nation is to enjoy the financial and cultural benefits of large, dense cities.

Key components of reauthorization program:

- Federal commitment should increase to levels suggested by the American Public Transit Association's T-2000 report.
- The Rail Modernization program must not be opened up to other cities. Funding to the traditional Rail Modernization cities must be guaranteed at historic levels.
- Matching ratios for transit projects should be the same as those for highway projects.
- Federal dollars must follow federal mandates.
- National transportation policy must help achieve national goals such as cleaner air.
- National transportation policy must focus on the safe and efficient movement of people, not of vehicles. Transit can be the path to a healthier economy, cleaner air, and greater mobility.

United States Senate
Committee on Banking, Housing, and Urban Affairs
Subcommittee on Housing and Urban Affairs

Comments on Reauthorization of the Surface Transportation and Uniform Relocation Assistance Act

Submitted by
Louis J. Gambaccini
Chief Operations Officer/ General Manager
Southeastern Pennsylvania Transportation Authority
Philadelphia, PA
November 28, 1990

Introduction:

My name is Lou Gambaccini, and I am the Chief Operations Officer and General Manager of the Southeastern Pennsylvania Transportation Authority, commonly referred to as SEPTA. SEPTA provides public transportation to the City of Philadelphia and the surrounding four counties, a 2,200 square mile region that is home to over 3.7 million people. Residents and visitors take over 1.2 million trips each day on SEPTA's 2,500 buses, streetcars, trackless trolleys, subways and trains. SEPTA is the nation's fourth largest transit system.

The Federal Role in Transit:

I believe that the 102nd Congress will have a golden opportunity to lay the groundwork for fifty years of national prosperity. When reauthorizing the Surface Transportation and Uniform Relocation Assistance Act next year, Congress must shift the focus of national transportation policy away from the movement of vehicles to the movement of people. The traditional solution of endless highway construction no longer works. Federal transportation must concentrate on the mobility of workers and people, not on automobiles.

The federal government must reaffirm its role in promoting public transit as an increasingly important component of America's future transportation needs. The federal government should encourage transit because transit ridership yields nationwide benefits.

The nation's economy gains from transit ridership because transit use reduces time lost in congestion. In the 1980s, traffic congestion grew at an exponential rate in America's urban and suburban corridors. Today's American worker can look forward to spending two years of his worklife stuck in traffic.

Transit assists economic productivity by reducing the amount of pollution spewed into the air from automobile tailpipes, which improves the health of the country's labor force. Automobile exhaust accounts for over one-half of the ozone-precursor hydrocarbons and nitrogen oxides spewed into the air of this nation's cities, and over 75% of the carbon monoxide. In the course of one year, each transit commuter saves 14 pounds of ozone precursors as well as 62.5 pounds of carbon monoxide from being spewed into the air. In addition, transit ridership reduces by over one billion gallons per year the amount of fossil fuel consumed in the country, which besides cleaning the air leads to greater national energy independence.

Well-planned transit expansion improves the environment by supporting higher density development, preserving land for open space. Beyond making transit more convenient, dense development reduces the distances people have to travel; work and the market are closer. This in turn reduces air pollution and congestion.

Transit promotes equality of economic opportunity and increases government income tax revenues by providing access to growing suburban job markets. An increasing share of SEPTA's riders are reverse commuters, Philadelphia residents who ride the system to higher paying jobs in the suburbs. In this way, transit mediates against many of the social ills associated with the hopelessness of inner city life.

Government investment in transit saves the public money by reducing highway construction. Here in this region, if not for SEPTA, state and federal governments would have to finance the construction of 45 additional expressway lanes into Center City Philadelphia to carry the people who currently ride SEPTA into Center City. The Chicago Transit Authority's O'Hare "el" line up the median of the Kennedy Expressway eliminates the need for five additional lanes of freeway. Also, recent light rail projects in San Diego and Portland show light rail construction is cheaper per mile than the equivalent-capacity freeway construction.

In addition, government investment in transit infrastructure directly stimulates the economy. Recent research by David Aschauer of the Federal Reserve Bank in Chicago indicates that there is an immediate return of $1.25 for every dollar invested in transit infrastructure. Indeed I know of no other government spending that has a faster payback than transit investment, and it is a payback that delivers for fifty years.

Finally, federal investment in transit is vital to the viability of large cities providing the sole path for mobility. Compared to other nations, America has neglected the transit systems in our cities, and our cities are dying. In America's cities, nearly one-half of the land space is dedicated to the automobile. The typical office worker's employer-provided parking space measures about 200 square feet. His office is usually half that size. Without SEPTA to bring into Center City Philadelphia 80% of commuters, Center City would be nothing but parking lots. Without transit, this nation will not enjoy the cultural and economic benefits that can come only from large, dense urban areas.

Level of funding:

In order to spur the economic, environmental and energy benefits of transit use, the federal government should sharply increase investment in transit. I believe the program outlined in the American Public Transit Association (APTA)'s T-2000 report offers a clear vision of America's transportation future. The T-2000 report calls upon the federal government to increase annual transit spending to $11 billion, financed by a 7 cent increase in the gasoline tax. Of this $11 billion, $6.5 billion should go to revitalizing existing transit infrastructure, with the balance being used to expand transit capacity. I also endorse the increase in federal transit research from the current $8 million to the $65 to $75 million suggested by the APTA.

$11 billion dollars may seem like a lot. Compared to Federal Aviation Administration's spending per passenger of $20.28, the Urban Mass Transit Administration (UMTA) figure of 29 cents per transit rider is minuscule. In addition, economists estimate the true cost of driving an automobile, factoring government support for infrastructure and police, is 34 cents per mile. Yet drivers face direct out-of-pocket costs of less than half that.

Transit infrastructure investment will reduce congestion, clean the air, and increase America's energy independence. Congress can jump start accruing benefits without an immediate revenue hike by spending down the balance in the highway trust fund. Currently, the $7 billion plus balance is used to offset the federal budget deficit. Of this, over $3 billion has not been committed to any transit projects. This is a fraud against the taxpayers of this country who expect to see the results from their gas tax penny. Part of reauthorization must be a mandate to end this chicanery and spend down the transit trust fund.

Decades of chronic underinvestment and deferred maintenance has left this region's transit infrastructure hanging on by its rusting nails. I have laid out a ten year $4.5 billion capital reinvestment program to bring SEPTA into the next century. We are looking to the state of Pennsylvania and local governments to foot a majority of the $450 million needed each year to rebuild the system. I believe that with a significantly increased commitment from these sources, the federal government should increase the $90 million annual capital assistance it currently provides SEPTA.

Are we just another interest group crying "wolf"? SEPTA's Norristown regional rail line carries 4,000 riders per day over bridges built before the Civil War. Some regional rail stations date to the assassination of President Lincoln. SEPTA's cars on the Market Frankford Subway-Elevated, a line with a daily ridership of 175,000, are over thirty years old. Indeed the typical SEPTA rail vehicle is 24.5 years old compared to the average age for an automobile of 7.4 years. The Germantown bus garage was built during the Spanish-American War, and over half of our bus facilities were constructed before the Great Depression. The Frankford Elevated Reconstruction Project is replacing elevated track laid in 1922. Three-quarters of the regional rail signal system is over fifty years old. Of the 25 bridges that comprise the Mainline Bridges (40,000 riders per day travel through the throat of the regional rail system), twenty must be replaced and the others refurbished.

I recount these needs to illustrate the scope and breadth of the challenge we have before us in southeast Pennsylvania. Investment is needed, and investment is what government spending on transit is, building an asset that yields benefits for decades to come. The economy of the fourth largest city in the United States will grind to a halt if SEPTA is allowed piece-by-piece to fall apart. While the bulk of the burden must be picked up locally, the federal government must be a full partner in the rehabilitation and expansion of transit systems in the United States.

Formula Factors and Rail Modernization:

There has been some discussion in Washington of distributing a larger share of transit dollars by formula. Yet in our zeal for a dispassionate distribution of dollars, we must remember the purpose of some programs.

The Rail Modernization program was designed to allow older transit systems, built without federal aid prior to the creation in 1964 of the Urban Mass Transportation Administration (UMTA), to catch up in safety and reliability to new systems. New start systems are now facing the front end of their first replacement cycles. It is important to recognize that these new systems are not at the same point as the old systems which still suffer from decades of underinvestment in rolling stock, track and bridges.

Shifting Rail Modernization from discretionary grants to distribution by the rail factors in Section 9, thereby opening it up to old and new systems alike, would cut SEPTA's share of Rail Modernization dollars by 40%. This would violate the purpose of the Rail Modernization program. Any tinkering with the Rail Modernization program must hold the traditional rail modernization cities harmless, keeping SEPTA's share in the 12% to 13% range.

Despite committee report language to the contrary, there is a tendency for UMTA to give short shrift to the bus purchasing needs of the traditional rail modernization cities. The eight traditional Rail Modernization systems operation 10,000 of the 40,000 transit buses in the United States, accounting for over 30% of transit bus passenger miles. The Rail Modernization Program does not address the new bus needs of its recipients.

There is a new initiative at UMTA we would like to see continued. Advance Construction Authority allowed SEPTA to bid the entire 9th Street Bridge Project as a whole, and to time the bidding process so work can commence during summers, minimizing passenger disruption in the cold winter northeast.

Matching ratios:

There has been discussion of reducing the federal grant share to a 60/40 split. As I mentioned, SEPTA is asking the states and municipalities to foot a larger share of its capital needs. Nonetheless the Congress should remember the severe fiscal constraints facing American cities and urban states after a decade's long, federally-imposed Scarsdale Diet.

Federal Mandates:

Over the last decades, the federal government has imposed upon the transit industry new regulations and restrictions in pursuit of national goals. What is not justifiable is the federal government's walking away when it is time to pay for implementation.

We estimate that the Americans With Disabilities Act of 1990, a wholly laudable piece of legislation, will cost SEPTA at least $20 to $25 million dollars for new rail cars, station adaptations, and expanded paratransit service. Costs for an equally meritorious piece of legislation, the Clean Air Act, will be in the same range.

When determining spending levels on transit for the next five year authorization, the Congress and the President should keep in mind the costs of implementing federal decrees.

Allowable use of funds:

Some additional flexibility on the use of funds also could assist transit. SEPTA is willing to accept trading the current level of formula operating assistance for at least the equivalent amount of formula capital dollars allowed to be spent on materials and supplies. Small transit operators are much more dependent upon federal operating assistance, and must be held harmless in such an exchange.

On the topic of leases, I urge UMTA be as flexible as possible in determining which leases are eligible for federal support. The essential criterion in eligibility decisions should be cost effectiveness. SEPTA is very intrigued by the benefits of cross-border leasing which in many cases may allow acquisition of new rolling stock at a far lower cost than outright purchase.

Designated recipient:

SEPTA sees itself as a part of the mobility mix in the region, and works closely with the local Metropolitan Planning Organization (MPO), the Delaware Valley Regional Planning Commission. We encourage Congress to grant localities greater flexibility in choosing the right mix of transit and highway dollars. In the pursuit of modal neutral regionalism, I believe it would be a serious mistake for MPOs rather than transit systems to receive formula transit dollars. To the extent MPOs are empowered to make dollar allocation decisions, I believe a region's transit system must have veto power over any transfer of transit dollars to highway construction.

Pursuit of national goals:

The federal government must be assured that local transportation investment decisions in the aggregate are consistent with national goals such a reduced congestion and cleaner air. As part of the Clean Air Act, highway construction alternatives analyses should included transit options. For example, could a six lane expansion be reduced to four with a light rail median?

In addition, federal policy should seek ways to increase transit ridership. Congress should alter the federal income tax code to make the treatment of employer subsidies to employee commuting modal neutral.

Conclusion:

My remarks have touched on many points. It is easy to become lost in the minutiae of reauthorization. But it is essential that Congress keep in mind one guiding principle: federal transportation policy must be refocused upon the efficient and safe movement of people, not vehicles. In America's cities and suburbs, countless billions of dollars in road projects have not done the trick. While stuck in traffic with a foot on the brake, America is choking on the fumes of the single passenger automobile. Given the commitment, America's transit systems can be the path to a healthier economy, cleaner air, and greater mobility. And these should be the goals of federal transportation policy.

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Vukan R. Vuchic, Ph.D.
UPS Foundation Professor
of Transportation Engineering

The Honorable Senators
Alan Cranston and Alfonse D'Amato
United State Senate
Committee on Banking, Housing, and
Urban Affairs
Washington, DC 20510-6075

3 January 1991

Dear Senators Cranston and D'Amato:

I apologize for this long delay in answering your letter which asked for inputs to reauthorization of the Urban Mass Transit Act. I hope that this input will not be too late.

I am pleased to submit the enclosed suggestions which I believe should be used in the formulation of the new Transportation Act. I am focusing on urban transportation, but including some suggestions for other modes affected by the Surface Transportation Act, as you suggested.

Also enclosed is a copy of my 1989 Testimony on National Transportation Policy, which contains some background for my suggestions here.

Should you wish me to elaborate some of my suggestions, I will be very glad to do that.

Thank you for this opportunity.

Sincerely yours,

Vukan R. Vuchic, Ph.D.

PENN

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30 December 1990

SUGGESTIONS FOR NATIONAL TRANSPORTATION POLICY
Focus: Urban Transportation

Present Problems in Transportation

The most serious deficiency of **our present transportation** is that **it is not a system.** Our present legislation, financing and operations of the Department of Transportation, **deal separately with different modes**, as if there was no interaction among them. For example, the recent study of introducing larger trucks totally disregarded their potential negative impacts on railroads. Cooperation between FHWA and UMTA has improved, but a wide gap between the two agencies remains, particularly at "lower", working levels.

Another major problem with our transportation is that its **financing is often based on short-term needs, neglecting its impacts on permanent operating efficiency, and long-term effects.** Our present **excessive emphasis on auto/highway system and neglect of public transportation contribute greatly to the urban crisis our country now faces.** The policies favoring automobile travel over all other modes, included in many present federal laws, is the main cause of the steadily worsening congestion for which there is no solution short of policy changes.

It should be pointed out that **our urban transportation policies favoring auto/highway system over public transportation are diametrically opposite to the urban transportation policies pursued in most other developed countries.** The impacts of different modes of transportation on urban economy, environment and quality of life are far better understood in most West European countries (Germany, France, Scandinavia and others) than in the United States.

Role of the Federal Government

Because of the strong and deeply penetrating influence of transportation on the economy and society and, particularly, on environmental health of our metropolitan areas, in which over 70% of population lives, **Federal government should retain and strengthen its role in many areas of transportation.** These include such functions as funding of major urban infrastructure projects, formulation and implementation of national policies regarding safety, environmental aspects and energy conservation, research and development, etc.

Specific Actions

The new federal legislation should be aimed at achieving the following goals.

1. **Highway Trust Fund** is an obsolete concept, since it considers highway users as a separate category from users of other modes. To achieve better utilization of all transportation modes, which would be in our national interest, there should be a **Transportation Trust Fund**, available for financing of all transportation modes.

2. **Gasoline taxes should be drastically increased** (gradually up to 50 cents/gallon). This is needed not only as a major source of financing of transportation expenditures, but also to reduce excessive discretionary driving, our dependence on foreign oil, and our negative balance of payments.

3. Introduce policies which **create disincentives to automobile and incentives to transit use in metropolitan areas**, such as introduction of taxes on parking, including that provided by employers and stores (presently "free parking"), introduction of **Transit First** policy, favoring transit vehicles over private automobile, improving pedestrian areas, etc.

4. **increase significantly the funding of transit improvements (UMTA)**; provide adequate funds, particulalry for urban areas coming up with matching funds (e.g. Los Angeles, St. Louis, Honolulu).

5. **Support construction of rail transit systems**, since they have proven strong positive impact on the economic development, environmental improvement and improvement of quality of life in cities. Washington Metro and rail systems in San Francisco, Atlanta, San Diego, Portland and other cities have clearly shown these positive impacts of rail transit.

6. Provide **federal funds to cover expenses incurred by new federal requirements**, such as accessibility for the handicapped.

7. Increase support ofresearch and development, particularly in urban transportation, to reverse the present trend of increasing congestion, inefficiency and decay in cities.

8. **Require metropolitan areas to prepare comprehensive transportation plans** which have sound long-range goals instead of the present palliative measures (e.g., a slight increases in carpooling).

9. **Amtrak should have a greatly increased funding from the Federal Government**, particularly for investments which would increase its operating efficiency and reduce operating costs. This would allow Amtrak to offer more moderate fares and thus greatly increase its ridership. At present, its fares are prohibitive for many moderate and low-income population groups.

10. Federal government's **present strong favoring of highways over railroads should be corrected**. Instead of being considered as a private business, railroad network and infrastructure should be treated as a national assett of public interest the same way as the highways, airways and waterways are. Federal government should support equally R&D efforts, investments, and control of all modes.

Vukan R. Vuchic, Ph.D.

Vukan R. Vuchic, Ph.D.
Professor of Transportation Engrg.
University of Pennsylvania

Testimony at the DOT
Hearing in Philadelphia
30 August 1989

NATIONAL TRANSPORTATION POLICY - URBAN/SUBURBAN SYSTEMS

1. How Good Is Our Transportation System?

It is sometimes heard in this country that the United States transportation system is the best in the world. This is actually a dangerous self-deception. Some components of our transportation system are the largest in the world by size (e.g., highway and air transportation), but a number of countries have systems that are far superior to ours in their:

- Efficiency
- Quality of service
- Impacts on economy, social life and urban environment.

Transportation professionals, and even laymen, notice how far we are lagging behind in the quality of transportation services when they visit such countries as West Germany, The Netherlands, Sweden, Japan, Singapore and many others: their highways are better designed, traffic engineering is more advanced, transit systems offer superb information, frequent and reliable services, while their railroads offer intercity services unknown in North America.

The basic flaw of our transportation system is that it is not a system. It is merely a collection of virtually independent, uncoordinated modes. Planning of highways and canals is done without any regard of railroads; the roles of automobile, rail and air travel are not coordinated in any way; most metropolitan areas do not follow a set of policies that relates transportation to land uses and urban character, nor do they have a clear definition of the roles different modes should have in an integrated multimodal, balanced transportation system.

2. Urban/Suburban Transportation: Present Trends Cannot Be Continued

Urban transportation is one of the areas in which we not only lag behind a number of countries, but our recent and present developments have brought us into a crisis situation; present projections of their continuation show a future that would create unbearable physical, economic and environmental situation in our metropolitan areas in which over 70% of our population live.

Only bold initiatives that will lead to some fundamental improvements can change the present trends and prevent rapid worsening of the present crisis. The federal effort to formulate a new National Transportation Policy comes at the right time. However, in order to make the needed improvements, this Policy must lead to some rather drastic changes in the present conditions and trends.

The remainder of this testimony represents a succinct review of the issues that are, in the author's view, relevant to the formulation of a Federal National Transportation Policy for urban/suburban transportation.

3. Major Problems and Their Consequences

3.1 In auto-oriented cities there is a major segregation of population with respect to mobility: non-auto owners are practically second-class citizens; poor public transportation services limit their mobility.

Consequences of low mobility of population are reduced chances for employment, for shopping, recreation, etc. Thus a large portion of many cities' populations (in most cities 20-40% of families) are more likely to suffer from poverty and lack of education and opportunities, to turn to crime, etc., than if they had a coordinated system of public and private transportation that would offer a certain decent level of service for all population.

3.2 Transit services in many cities are unsatisfactory with respect to speed, frequency, reliability, information for passengers, etc.

The consequences are that poor transit stimulates more people to buy cars, causing more congestion, pollution, accidents and other social problems. Thus a "vicious circle" of decreasing transit service and increasing congestion perpetuates itself.

3.3 Driving on our freeways and streets is often unpleasant because of their obsolete design, inadequate maintenance, lack of modern traffic engineering and inadequate enforcement of regulations.

Consequences are lower speeds, reliability, safety and economy of driving than a modern highway system could provide.

3.4 Obsolescence of both transit and highway systems causes high operating costs and low efficiency.

Consequence is that our urban transportation systems are in many respects more costly than they could be.

3.5 Lack of coordination of land use and transportation planning and the above described deficiencies stimulate continuous increase of vehicle miles travelled (VMT) and their decreasing utilization.

The consequences are steadily increasing congestion of streets and highways. With severe limitation on how many more highways can be built, we are faced with a continuously deteriorating situation. Congestion costs directly auto and transit users, affectes indirectly the entire economy, quality of urban life and urban environment.

3.6 Externalities of transportation, primarily of the private automobile with a single occupant - congestion, noise, pollution and general deterioration of entire urban areas - are extremely serious, but they are not reflected in the costs of operating the automobile.

The very low cost of gasoline, subsidized parking, etc., make operating cost of automobiles negligibly low, stimulating large VMT. The automobile is the main producer of air pollution that greatly exceeds EPA standards in many cities.

4. Causes of the Problems

Major causes of the present problems in urban/suburban transportation are:

4.1 Various policies which favor private over public transportation, from subsidies favoring single family housing to liberal tax exemption of expenses for operating automobiles, subsidized parking, loading various social duties on transit without additional funding (elderly & handicapped requirements), etc.

4.2 Inadequate coordination between land use and transportation planning and its implementation at the regional level.

4.3 Inadequate funding of transit (both capital and operating) and of highway operations and maintenance;

4.4 Pricing of auto travel which is extremely low (generating enormous discretionary VMT's) and unrelated to its social costs;

4.5 Following considerable improvements in coordination among modes during the 1960s and 1970s, that trend has been reversed in recent years: intermodal integration is inadequate; we do not have metropolitan transportation systems.

5. Responsibility for Urban Transportation and the Federal Role

Instead of the old questions - federal vs. state and local, public vs. private sector, etc., we have in recent times evolved into building partnerships between the three government levels, various agencies, public and private sectors; that trend should be further encouraged and refined.

The primary roles of the Federal Government and reasons for its involvement in urban transportation, particularly transit, are:

5.1 As the lifeline heavily influencing economic, social and environmental health of our cities, urban transportation affects welfare of over 70% of U.S. population; that is a national issue, i.e., in the federal domain.

5.2 Only the Federal Government can handle such national issues as economic conditions, environmental and energy aspects which transportation heavily influences.

5.3 Urban transportation projects, particularly freeways and rapid transit, involve capital investments of such scale that national pooling of resources is necessary; this is also in the federal domain.

5.4 Ensure and improve coordination among agencies in different states, for different modes, etc.

5.5 Stimulate, support and disseminate results of research and demonstration projects which are crucial for progress in urban/suburban transportation.

5.6 Provide leadership in formulating and implementing a national transportation policy.

6. Goals for the Future

6.1 The overall basic goal for urban/suburban transportation should be to create a transportation system that contributes to and is a component of a metropolitan area that is economically viable, provides high quality of life and ensures a healthy urban environment - natural and man-made; attractive, livable cities are what we need.

6.2 This overall goal can be broken down into a number of more specific objectives, such as:

- In metropolitan areas every person should be guaranteed a certain level of mobility;

- Rational behavior should be encouraged through user pricing which reflects not only user, but also social costs;

- As a public service of greater efficiency and lower negative effects, transit should be given priority over private automobile, particularly in central urban areas;

- As the basic element of travel, pedestrian should be given careful attention (comfort, safety, attractiveness of facilities) in both urban and suburban areas; this is crucial for having livable, human-oriented cities and suburbs;

- Costs of improvements and construction of new streets and transit facilities in suburbs should be borne in good part by the developers in those areas; etc.

7. Methods for Achieving the Goals

7.1 Urban/suburban transportation system should be compatible with all other functions (housing, industry, environment, etc.) to ensure a healthy city; transportation should neither be suppressed, nor should it alone dictate the form and character of the entire metropolitan area and all its functions;

7.2 To achieve the role defined above, urban transportation should consist of different modes, each used in its optimal role, mutually integrated. The Federal Policy should either directly require, or induce local governments to plan transportation systems which support rather than damage urban environment. Modal composition of such systems must have private and public transportation; the larger the city, and the more important individual corridors are, the more should public transport be favored over private, particularly single-occupant automobile.

7.3 In nearly all cases shift of travel from auto to transit, or from single- to multiple-occupant vehicles is socially desirable. This shift in modal split can be achieved in two policies:

a. Improvement in the quantity and quality of transit services; or,

b. Disincentives to automobile use.

Policy a is easier to implement, but far more expensive than policy b. Cities most successful in solving urban transportation problems are using both policies. Each one of the policies has a wide range of options, as outlined below.

7.4 There are numerous methods for making transit more attractive, such as:

- Provision of partially or fully separated rights-of-way;

- Construction of rapid or light rail transit systems where there is substantial potential demand;

- Introduction of new technology and operational concepts (e.g., modern control systems, new vehicle designs, timed transfer systems for buses in low-density areas);

- Integration of metropolitan with long distance public transportation;

- Introduction of employer subsidies for transit equal to or higher than the subsidies for parking and auto use; etc.

7.5 UMTA has played a major role in developing many of these methods; that effort should be revived and intensified, local contributions to it encouraged.

7.6 Presently, the main deterrent to auto driving in cities is the poor condition of streets and of traffic regulation which exist in many areas; this is an irrational situation. Physical conditions of driving should be improved, but pricing of auto use should be drastically revised and increased. Examples of this method are:

- **Gasoline taxes should be drastically increased** (gradually up to 50 cents/gallon) for two purposes: generation of revenue for transportation (not only highway) investments, maintenance and operations, and as a deterrent to enormous discretionary driving that presently takes place.

- Parking charges (level and structure) should be used as a method of transportation policy implementation;

- Tolls should be introduced for use of certain facilities or for entering congested areas;

7.7 Overall impact of these measures should be to create a higher-priced, but higher quality auto/highway system than the one we now have, and to have a mechanism for regulating traffic volume through pricing rather than through wasteful congestion.

8. Implementability and Importance of the Proposed Policies

8.1 Resistance to many of the above policies and measures, lobby pressures and sheer inertia will represent serious obstacles to their implementation.

8.2 A strong argument for implementation of these measures is that without them, i.e. "do nothing" alternative, would be much worse. Extrapolation of the present increasing congestion and deteriorating transit leads to a condition which population will not tolerate.

8.3 To make population aware of the infeasibility of continuing the present practices and developmental trends, governmental bodies and professionals, utilizing a clear rational National Transportation Policy as a basis, must raise the knowledge and awareness of civic leaders and public at large about these problems and required changes.

8.4 The case for the new policy and the need for introduction of fundamental changes should be supported by very strong real world examples of the major results which such policies can achieve in cities. Examples of such policies are:

- Munich, when it opened an extended, modernized regional rail system, two rapid transit lines and a major reorganization of streets, curbing auto traffic and opening a large pedestrian area, changed modal split by 12% in favor of transit in two years;

- **Toronto,** a leader in organizing metropolitan government and pursuing a strong policy of transit improvements, has had a steady increase of transit ridership since 1959, in spite of high auto ownership and decentralization forces;

- Portland, OR, has a well organized highway/street system and four major downtown arterials converted into bus and light rail transit malls. The city was recently voted "the most livable" in the country.

* * * * *

All projections of continuing the present policies (rather, lack of rational policies) show that they will lead to strangulation of our metropolitan areas. Money alone cannot solve the problem because of the collision between individual behavior and social impacts. We must make the public and its leaders aware of the problem and the need for major changes. The new National Transportation Policy is the most effective, if not the only tool that can effect such changes. The time for it is now.

SIOUX FALLS TRANSIT

429 North Weber Avenue Sioux Falls, South Dakota 57102 605 339-7183
(TDD Service)

An Equal Opportunity Employer

December 7, 1990

Senators Alan Cranston and Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston and Senator D'Amato

Thank you for soliciting my views as you begin the process of reauthorizing the surface transportation program. It is important that transit, and the federal transit program, have the ability to meet more of the nation's transportation needs as we approach the twenty-first century. Our nation is changing rapidly. The transportation solutions that met the nation's needs forty years ago do not address the problems we face today. I sincerely hope that you and your colleagues will be able to craft a surface transportation program which effectively responds to existing and emerging needs. Transit is the collective answer to many problems--nothing else does so many things so well.

Sioux Falls Transit (SFT) is the only fixed-route system in the state of South Dakota. Sioux Falls, with a population of 100,000, is the largest city in the state and is considered to be a regional medical, shopping, and employment center. During peak hours we have 25 buses on the road, providing transportation for almost 600,000 boarding passengers a year. We have 50 employees. SFT provides the city of Sioux Falls with more than bus service. We are a school-to-business partner with Cleveland Elementary School. We provide a transportation program for homeless people through a Coalition for the Homeless. We are a work site for the Municipal Court System and United Cerebral Palsy. We provide warm-up buses to the Fire Department during the winter and a twice-daily radio traffic watch program on a local radio station. This list could go on and on.

the Bus

FHA/WP/T8/4H

Sioux Falls Paratransit (SFP), our transportation service for the frail elderly and disabled, provides over 300 rides a day. This program is part of the reason that Sioux Falls is a regional center. The availability of this type of transportation provides the mobility that insures independence to this vulnerable segment of our population. SFP employs 15 people. Many of the trips we provide are to and from work and school. Mainstreaming does not exist without transportation. Elderly people do not remain a vital part of their community without transportation. A person's opportunity for dignity does not exist without the mobility that public transportation provides.

I have enclosed a copy of a newspaper article that appeared in today's newspaper. It discusses our paratransit program and the critical need for funding in Sioux Falls and the entire state. As you can see, we have been very actively involved in seeking state funding for our programs. South Dakota is one of the few states that do not fund transit. We also do not receive county funding. Our resources are very limited.

I am heartened by the funding increase Congress provided in the federal transit program for FY 1991, especially in light of severe federal budget constraints. I am also gratified that the budget agreement provided for an increase in the portion of the gasoline excise tax that is deposited in the Mass Transit Account to fund transit projects. I firmly believe that both the tax increase and the increase in the annual funding level reflect a public recognition of the need to support essential domestic programs.

I am compelled to add, however, that this year's funding increase does not fully address the substantial problems that we face. Furthermore, there is no guarantee that the additional revenues which will be deposited in the Mass Transit Account can be used to increase funding for transit. During the last ten years, the federal transit program has been cut by 50 percent in real terms. Fare increases, as well as higher state and local support, have been stretched all they can. Simply stated, we cannot address all of the nation's transit needs without an adequate federal program.

A recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

FHA/WP/T8/4H

Our paratransit system is rapidly growing. We need mini-buses. We need to expand our bus storage and maintenance facility. The local and federal funds for these projects are not adequate.

Our fixed-route system does not have lift-equipped buses. The age of this bus fleet varies from 29-year-old buses to 10-year-old buses. We do not have funding to meet the requirements of the ADA and Clean Air Act.

The industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increases already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Transit's ability to increase its share of all local travel is critical to achieving important national goals. The success of our business community, and its ability to compete internationally, is directly connected to the movement of goods and people. Local businesses have come to depend on public transportation to provide the workers necessary for a growing economy. Commerce cannot operate efficiently if the nation fails to invest wisely in its basic transportation infrastructure.

The nation's ability to reduce vehicle congestion and air pollution and to minimize its dependence on imported fuel is intimately related to our ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest, most efficient ways to reduce fuel consumption. It is also one of the quickest and most economical means of reducing the vehicle pollution which is responsible for so much of the dirty air throughout the nation.

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The ability of many citizens with disabilities to fully participate in society is largely dependent on their access to public transportation. In order for transit operators to meet their needs, and to fulfill the many costly requirements established under the Americans with Disabilities Act, the new authorization needs to address these costs.

If fuel and energy resources become rationed in South Dakota, agriculture will be the top priority. When this crisis hits Sioux Falls, our current bus system will not be able to accommodate the need people will have for public transit. We have already seen an increase in ridership during the past few months that gasoline prices have risen.

Over 50 percent of our ridership is transit dependent. These passengers do not have a transportation alternative. Without the freedom that mobility provides, they become tax burdens. Our school district does not provide bus service beyond sixth grade. The private wheelchair transportation provider in Sioux Falls charges between $18-$20 for a round trip. The only private service for other passengers is the local taxi company. Our frail elderly passengers cannot afford taxi cabs.

In reauthorizing the transit program, I support retention of basic formula and discretionary programs. I would ask, however, that you develop a reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

I would request that, to the maximum extent possible, you include the following principles in the upcoming reauthorization of the Surface Transportation Act:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of the federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

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* Establish a stronger multi-modal approach in planning, funding and decision-making.

* Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievement of other national goals, provide justification for increased support from all sources.

* Increase reliance on a predictable formula funding using factors better reflecting transit needs.

* Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, share-ride services.

* An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

* The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

* Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to provide an environment that is conducive to and encourages increased provision and use of high-occupancy shared-ride services. Other federal policies should incorporate the same objective.

* Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.

* Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.

* Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements.

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I deeply appreciate the efforts that you and your subcommittee have made to support and defend the federal transit program over the past decade, and your recognition of the importance of the upcoming reauthorization bill. This reauthorization will set the outlines for the future of the federal transit program. It is the first reauthorization of the Surface Transportation Act to occur after the completion of the interstate highway system, and it takes place during a period in which the public has a new respect for our environment and energy conservation. I view the reauthorization process as an extraordinary opportunity and challenge. We will make every effort as an industry to rise to the occasion and support your bold efforts.

Sincerely,

Nedra Woodyatt
Manager

Enclosure
cc APTA
Senator Larry Pressler
Senator Tom Daschle
Representative Tim Johnson

FHA/WP/T8/4H

The Sunday
Argus Leader

Dec. 2, 1990 Sioux Falls, South Dakota A Gannett Newspaper

Handicapped, seniors fear mobility crisis

By LISA GAUMNITZ
Argus Leader Staff

When Maxine A. Johnson goes to the doctor or grocery store, she calls a taxi and the city helps pick up the bill.

That's soon to change.

The city will still help pay for her fare, but she will have to take a bus instead, and give a day's notice to reserve a ride.

That new system will inconvenience the 70-year-old Sioux Falls woman and force her to rely more on family for transportation.

"I've had open-heart surgery and it means an awful lot to me," Johnson said of the taxi service. "I can't use that bus — you have to call 24 hours in advance. Things change so much in 24 hours it's useless. ... I can't ride that bus and I can't afford to take a cab."

Johnson is among those complaining about upcoming changes in the city's Project Mobility program. Beginning about March 1, Sioux Falls Transit will use mini-buses to provide transportation for handicapped and elderly people instead of contracting out the service.

Sioux Falls Transit has been providing the service for handicapped people since it fired Wheelchair Express Inc. last June. But until now, the subsidized program for the elderly has been handled by Yellow Cab. Starting next spring, that service will be provided by city-operated mini-buses for passengers reserving rides a day in advance.

When the changes go into effect, Project Mobility will go by the name Sioux Falls Paratransit. Some riders say the changes cause inconvenience and question whether they will get the same service under the new arrangement.

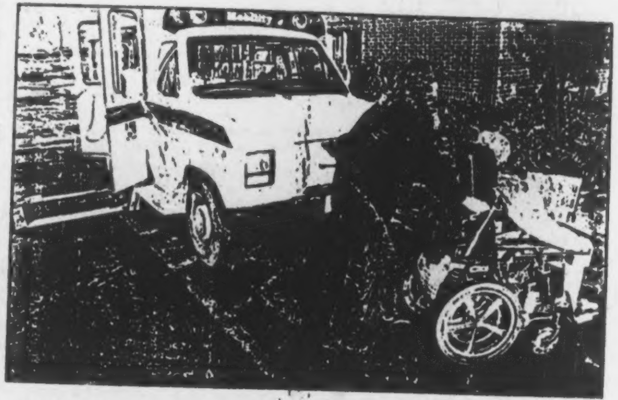
City and Sioux Falls Transit officials say they sympathize with the riders. "We want to make sure they receive good service, but we also have to control costs," said John Roberts, a senior city planner.

Project Mobility's costs have increased tenfold since it started a decade ago, from $50,000 to more than $500,000 a year. About 3,000 people are eligible for rides under the program, which provides about 300 rides a day.

Johnson and 14 other elderly residents living in a building on South Sherman Avenue wrote letters to city leaders and Congress asking them to use their influence to keep the cab service.

Joanne Dann, who signed the letter, is primarily concerned with the 24-hour rule, but questions whether she will receive the same service when all passengers ride the mini-buses. Several people in her building worry that the bus drivers won't assist riders from

Mobility /See 6A



Argus Leader photo by MIKE ROEMER

Project Mobility driver Cheryl Kraemer drops off a client at the River Tower Apartments in Sioux Falls. The program for seniors and the handicapped is facing many changes.

Coalition will ask state for aid. 6A

Coalition looks to state for transportation aid

By LISA GAUMNITZ
Argus Leader Staff

A coalition of South Dakota organizations wants the state to help pay for transportation programs for the elderly and people with handicaps.

The federal government provides most of the money for such programs, but in fiscal year 1992 plans to cut by one-third the budgets of small-town programs. The following year, Sioux Falls will lose hundreds of thousands of dollars.

"The state needs to put in money for public transportation or we're going to go under," said Sandy Mack, transit director for Beadle Transit System in Huron, which has cut from six to four the number of buses serving elderly and handicapped residents in Huron.

Without a new source of money, transportation systems across the state will face similar cuts, and riders will suffer at a time when South Dakota's aging population increases the demand for such services.

Mack and Sioux Falls senior planner John Roberts are members of a group working to introduce legislation to make up the difference. The lead group, Dakota Transit Association, an organization of transit officers from North and South Dakota, is working on the bill with Rep. Jan Nicolay, R-Sioux Falls. It's forging a coalition with the American Association of Retired People and officers of senior citizen centers, to back the legislation.

The coalition's plan calls for South Dakota to pump $1.35 million into programs statewide for fiscal year 1992, beginning in July. Though the coalition hasn't proposed how the state should pay its share, lottery revenue is one option, Roberts said.

Last year, their last-minute bill calling for money from vehicle licensing fees was killed after legislators raised questions about its constitutionality. But legislators did appropriate money for the Commerce Department to study transportation needs of the elderly and handicapped. Results aren't available.

Nicolay thinks legislators will seriously consider the 1991 version of the bill.

"There's no doubt in my mind there are groups of people out there with needs," she said. "They should have the same ability to participate in community life as does anybody else."

Small towns, which now split about $600,000 in federal money for transportation programs, will see that amount drop to $400,000 in 1992, Roberts said. Sioux Falls will lose about $300,000 in 1993.

The cuts already are being felt in Sioux Falls.

The Bergeland Center for Seniors has stopped transporting people in the adult day-care program because it wasn't receiving enough contributions to keep up with costs, said Gerald Beninga, chief executive officer of Senior Citizens Services, which runs the Bergeland Center.

Day-care participants now ride under a Sioux Falls Transit program, but must have an escort for supervision.

The center hasn't found enough volunteer escorts. "If we have to hire someone to do that, it's going to double the cost of the ride for each client," Beninga said.

That increase may prohibit some people from coming to day care, he said.

Mobility: Seniors, handicapped face a crisis in transportation

Continued from 1A

the bus to their destinations, or help them carry packages.

Mark Mortenson, Project Mobility program manager, said drivers will carry up to two packages to a rider's home and will assist riders from their homes to the bus, and to their destinations.

The frail elderly may call up a taxi, show their identification card, and pay half their fare. The city is billed for the other half.

Wheelchair riders use special buses and a reservation system in which they call for a ride 24 hours in advance. They pay a flat rate of $2.10 per one-way ride. Frequent riders get a discount.

Under the proposed program, all riders would pay $2.10 a ride, unless they are frequent riders qualifying for a discount.

Combining the elderly and handicapped programs should save money, said Nedra Woodyatt, Sioux Falls Transit general manager.

Since 1984, the program's costs have increased from $135,590 to an estimated $530,000 for 1991.

The number of rides increased from 47,683 in 1984 to more than 90,000 in 1990.

Woodyatt doesn't know how much money the changes will save because the consolidated program will be so different. But she expects savings through carrying more passengers per mile, and by having more control over whether people are using the program properly. Doctor certification is required for people to be eligible.

The consolidation will also equalize the programs, Mortenson said. "They were two entirely different sets of guidelines and service provided," he said. "The idea is to get those more the same plus to increase efficiency by mixing passenger loads."

Roberts said the Project Mobility policy committee is looking into the possibility of cutting fares and will review the new operation.

"We understand that these people are disappointed and we're very sensitive to that issue," Roberts said.

"But the 24-hour advance is needed to run the system efficiently. You need time in order to put together a schedule."

Such a reservation system is used in cities that Roberts surveyed about their services for the handicapped and elderly. "We don't feel that we are out of line" with what other cities require.

Wheelchair Express Inc. was fired June 23 for reasons related to an ongoing federal investigation of that company. Wheelchair Express has sued the city for breach of contract and wrongful termination, asking $28,539 for services already provided, $31,500 for lost future income and unspecified damages. Wally Doolittle, an assistant city attorney, is drafting Sioux Falls Transit's response to Wheelchair Express, which is due this week. He said Sioux Falls Transit is denying the charges.

MATA

November 29, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U. S. Senate
Washington, DC 20510-6075

Dear Chairman Cranston/Senator D'Amato:

Thank you for your letter of October 18, 1990 and for this opportunity to provide input into the nation's mass transit policy. It is important that mass transit, with the support of the federal policy, meet a greater portion of the nation's transportation needs as we approach the twenty-first century. As you know, the current transportation system is stretched to its limits. Considering the need to repair and modernize the existing infrastructure coupled with increased demand that is projected in the 90's, transportation will be a priority at all levels of government.

Memphis and the Memphis Area Transit Authority (MATA) have already refocused their planning efforts to address the overall mobility needs of the region by looking at solutions beyond traditional transit service. Transportation is the lifeblood of the Memphis economy. Memphis is a premier national distribution center and its transportation network not only accommodates the traffic of business and industry, but also of our citizens' need for access to employment, shopping, healthcare services, education, recreation and cultural opportunities. MATA presently provides approximately 60,000 rides each day on its fixed route and demand responsive transit service. A high percentage of these riders 75%+ are transit dependent. MATA provides over $119 million in direct and indirect benefit to the local economy each year. This does not include non-financial impacts such as a reduced air pollution, energy savings and savings in commuter times each day.

MATA is also about to begin construction of an electric streetcar/trolley system in downtown Memphis. This project which will use federal Interstate Substitution Funds also will create a downtown transit mall. This project is expected to generate an additional 1370 new permanent jobs in downtown serving as a catalyst to an already resurgent area. We received tremendous support from our areas congressional delegation, specifically Senators Sasser and Gore, and Representatives Ford, Sundquist, Tanner and Whitten. We have also been working closely with UMTA, the Federal Railroad Administration, AMTRAK and private bus operators to revitalize Memphis' Central Station into a Multimodal Transportation Center. We would be pleased to provide additional information on these and other projects upon request.

Memphis Area Transit Authority • 1370 Levee Rd. • Memphis, TN 38108-1011 • (901) 722-7100
Managed and operated by Mid-South Transportation Management, Inc.

MATA is an active member of the American Public Transit Association and worked closely with APTA and our area delegation to voice our position in recent budget negotiations. We strongly support the concept of the gasoline tax as a transportation user fee and the use of the current Mass Transit Trust Fund as was intended by Congress. The Budget Reconciliation Act reflected the public recognition of the need to address our transportation system needs. APTA recently published the results of a survey that documented more than $90 billion in capital needs for the period 1992 through 1997. The transit industry's proposal for a federal transit program of $11 billion, supported by a seven cent increase in the federal gasoline tax dedicated to transit, is an excellent means for meeting these needs.

Transit's ability to increase its share of all travel is critical to achieving important national goals. Transit must be a key player in reducing vehicle congestion, air pollution and minimizing America's dependence on oil imports. As we said earlier, in Memphis we are focusing on mobility overall and have expanded the definition of mass transit to include commuter van pooling and ride sharing. Mass transit is also a wise and cost effective alternative to building more and bigger roadways. Highway construction is not only costly but also limited in its ability to keep up with demand. Memphis, not unlike other cities, has experienced significant delays with major projects due to environmental concerns. In many instances, the time and expense (sometimes court battles) of clearing environmental hurdles, result in escalated costs and less than satisfactory solutions to the transportation problem. At the present time, a most needed repair of a highway safety hazard is being delayed due to environmental concerns. We support the concept that major highway investments should be subject to a cost effectiveness and alternatives analysis similar to that required for major transit investments. Increased transit service should be a consideration in developing reasonable congestion management alternatives.

In reauthorizing the transit program, we support retention of both formula and discretionary programs. However, we do take the position that more of the federal funds should be returned to state and local governments on a formula basis. In addition, funds should be allocated by a formula that more closely reflects the taxes/user fees paid in by the respective state. To the extent possible, we request that the upcoming reauthorization include the following principles:

- The federal investment in surface transportation should be substantially increased and, with these increases, parts of

The federal program should be substantially restructured.

- In order to accommodate a diversity of passenger travel while reducing growth in vehicle miles, the definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, shared-ride services.

- Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds. This may include trading or loaning funds in order to accomplish major transportation projects.

- Establish a stronger multi-modal approach in planning, funding and decision-making. This should include consideration of transit alternatives when evaluating other transportation projects.

- Reliability and predictability of federal funding should be improved through greater reliance on dedicated funding. The costs associated with mandated federal actions, and the substantial contribution of transit to the achievements of other national goals, provide justification for increased support from all sources.

- Increase reliance on a predictable formula funding using factors better reflecting transit needs.

- Substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, shared-ride services.

- An immediate motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investment.

- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.

- Federal transportation policies and programs should require closer integration with transportation investments and land use decisions, in order to provide an environment that is conducive to and will encourage increased provision and use of high-occupancy shared-ride services.

- Expand federal support for basic research, development, training, and human resources activities affecting transit, and ensure adequate direction of the program by transit industry officials.
- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.
- Federal policies and mandates result in additional costs to transit operations and capital investments and, as such, federal funding should be provided to meet these requirements. (i.e., Americans with Disabilities Act, Clean Air Act)
- The federal program should continue to include the Interstate Substitution Program for transit and highway projects. Based on the intent of the withdrawal program, the existing Interstate balances must be considered an obligation of the federal government.
- Provide the ability to "book" or set aside formula fund distributions in the Mass Transit Account for major capital projects planned for the future. In the same light, the Advanced Construction Authority provision should be continued.
- Provide more flexibility in the 16(b)(2) program to permit transfer of funds to and from Section 9 and Section 18.
- DHHS supported agencies specify a line item amount for the transportation expenses, where allowed. This would expose the dimensions of the resource and facilitate negotiations with transportation agencies with respect to maintenance of effort.

The efforts that you and your subcommittee have made to support and defend the federal transportation program over the past decade are sincerely appreciated. We also thank you again for recognizing the importance of the reauthorization bill and allowing MATA to provide these recommendations. This action is taking place at a crucial time in which the public has a new respect for protecting our environment and promoting energy independence. At MATA we view the reauthorization process as an extraordinary opportunity and challenge.

We would be pleased to participate in your upcoming hearing to further explain MATA's position. Please call if we can provide additional information and support.

Sincerely,

Samuel P. Rabb

Samuel P. Rabb
Acting Chairman
Memphis Area Transit Authority

cc: MATA Board
Mayor Hackett, City of Memphis
Mayor Morris, Shelby County, MPO Chairman

Luminator

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November 27, 1990

The Honorable Alan Cranston
United States Senate
Washington, DC 20510-0501

Dear Senator Cranston:

Thank you for the invitation to submit recommendations on the upcoming Urban Mass Transit Act reauthorization. This letter will serve as an Executive Summary of my recommendations; additionally, supporting enclosures provide details.

In addressing me for comments and recommendations on Reauthorization, you are soliciting the views of a person in a manufacturing business corporation, employing in total over 11,000 people, at least 500 of whom are directly engaged in the transit rail and bus related manufacturing. We are among the largest suppliers in North America of electronic and electromechanical subsystems for rail and bus vehicle use. Our products are diverse and include such as lighting systems, door access systems, and passenger information systems. Although over 70% of our business is in the USA and Canada, we also have exports to and business operations in Europe, Australia, and the Far East.

I also am Chairman of the Associate Member Board of Governors of the American Public Transit Association. The Associate Member group is the "supply side" and is made up of over 450 suppliers of goods and services to the transit industry. As Associate Member Chairman, I speak with knowledge of the concerns and thoughts of this group.

APTA's Transit 2000 Strategic Plan, the result of over two years of intense work by 50 of the top transit "minds" in our industry, is my overall recommendation as a "blueprint" for reauthorization. Senator Cranston, this plan is NOT some self-serving word-crafting of a special interest group. I know that for fact because I personally spent many hours in the underlying planning meetings! Yet, despite the fact that the Transit 2000 Strategic Plan work was very well thought out, as far as I can determine, it has not received the consideration which it deserves.

Your letter is a fresh and much appreciated step at bringing focus to Reauthorization recommendations from the transit industry. It gives me hope that you are going to reverse the prior lack of attention granted the Transit 2000 Strategic Plan by the Administration. With your attention focused on recommendations of the industry, the upcoming legislation will go beyond simple "reauthorization" and achieve the necessary national goal of FACILITATING MOBILITY OF THE PUBLIC in a time of severe energy, mobility, environmental, and financial constraints.

Senator Cranston, we cannot continue to "pave America" for automobile based "mobility"; neither can we continue to ignore environmental impact of exhaust emissions, or the productivity lost to traffic jams, or dependence on imported oil. With one "simple stroke of the pen" you can have a major positive impact, through the transit industry, on all of these problem areas! I doubt that there is any other single item of legislation in Washington in this decade that so directly and positively impacts all of these items of major concern and national priority!

Transit's ability to increase its share of all local travel is critical to addressing the previously mentioned important national goal and national priority. The success of the USA business community, and its ability to compete internationally, is directly connected to the efficient movement of goods and people. Local businesses are increasingly dependent upon public transportation to provide the workers necessary for a growing economy.

Our ability to reduce vehicle congestion and air pollution, and to minimize dependence on imported fuel, is directly linked to the ability to move more people in fewer vehicles. Increased transit ridership is one of the easiest and most efficient ways to achieve this.

The ability of citizens with disabilities to fully participate in society is dependent on their access to public transportation. In order for transit operators to meet the special needs of this segment of our population, and to fulfill the many costly special requirements mandated under the "Americans with Disabilities Act," the Reauthorization must address these costs.

My recommendations for Reauthorization are as follows:

1. Use the Transit 2000 Strategic Plan...as an overall guide; a copy is enclosed. The principles embodied in this report and its supporting studies suggest that Reauthorization should include the following:

    - The definition of transit and the UMTA charter should be broadened to encompass and promote increased availability and use of transit and all forms of high-occupancy, share-ride services. Here it is critical to note that substantial additional funding should be provided for transit to fully carry out the national goal of significantly increasing the provision and use of high-occupancy, shared-ride services.

    - Allow greater flexibility in the use of available federal funds; enhance and strengthen the existing regional decision-making authority over the use of federal transportation funds.

- Establish a stronger multi-modal approach in planning, funding, and decision-making.
- The federal transportation program and Tax Code should be revised to encourage private investment in transit, and to eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use.
- Federal transportation policies and programs should require closer integration of transportation investments and land use decisions, in order to encourage increased use of high-occupancy shared-ride services.
- Federal support for basic research, development, training, and human resources activities affecting transit should be expanded.
- Federal operating assistance for all sizes of transit systems is an essential element of the federal program and must continue in order to assure adequate maintenance and effective operation of the transit capital investment.
- Federal policies and mandates such as the recently enacted Americans with Disabilities Act (ADA) legislation result in additional costs to transit operations and capital investments and, as such, additional federal funding should be provided to meet these requirements.

2. Stabilize funding...the "on-again/off-again/cut-it-some-more" nature of the funding under the present Act severely inhibits private sector research, development, and capital commitments! How can any prudent business person make long-term commitments in a program that may not have a future? Note that the small dedicated trust-fund gas tax increase of the FY91 federal budget is a small step in the right direction on this point. But, Senator, that gas tax revenue increase does nothing for much needed current program funding--authorization to use the funds does not exist--the money will just sit idle in the transit fund! Further to this recommendation I submit that:

    - Reliability and predictability of federal funding should be improved through overall greater reliance on dedicated funding.
    - Increased reliance should be placed on predictable formula funding using factors better reflecting transit needs.
    - A further motor fuels tax increase should be enacted, and the entire federal fuels tax made permanent concurrent with Reauthorization of the Surface Transportation Assistance Act, to support needed transit and highway investments.

3. Increase funding...To fully carry out its potential for reducing traffic congestion, reducing environmental pollution, and reducing dependence on imported oil, and meeting new special federal requirements, additional funding will be necessary. This requirement would be best met by a three to five year plan taking the federal side of the picture steadily and predictably from its present $3.2 billion up to the $11.0 billion presently calculated as necessary for replacement of depreciation of capability and addition of capacity. I should point out here that a recent American Public Transit Association survey of all transit operators documented the need for more than $90 billion in capital requirements during the 1992 through 1997 period. These capital needs include the costs of replacing old buses (many systems have deferred such purchases to cope with tight budgets), extension and construction of rail systems, rehabilitation and maintenance of aging bus facilities and rail lines, and other costs.

   The industry's proposal for a federal transit program of $11 billion, supported by a seven-cent increase in the federal gasoline tax dedicated to transit is an excellent means of meeting current needs. This program includes a $6.5 billion transit categorical and reinvestment program, which would equal the FY 1981 federal transit program inflated to today's dollars, and a $4.5 billion program aimed at expanding transit capacity. Similar to the current program, the reinvestment program would support normal capital projects, rail modernization, new starts and extensions, bus purchases, and operating assistance. Funds in excess of $6.5 billion would be used to support a flexible use program under which local communities would decide between highway or transit projects that expand the capacity to move people.

   While we are still examining the new Budget Enforcement Act to determine exactly how it will affect your efforts to craft a new surface transportation bill, we believe that the need for a federal transit program as outlined is well documented. If the new budget law initially imposes limitations upon the growth of the program, we hope that the reauthorization of the transit program can capitalize on the funding increase already provided in FY 1991, the substantial growth provided for investment in domestic programs under the Budget Act, and the potential for further increases to meet domestic priorities or if the need for defense spending declines.

Finally, in reauthorizing the transit program I support retention of basic formula and discretionary programs. I would ask, however, that you develop a Reauthorization bill that sets program levels and priorities that the appropriations committees will follow. If sufficient resources are provided for all activities and less relevance is attached to the source of funding for individual programs, the authorized program levels are more likely to be maintained.

Senator Cranston, I commend the diligent and very competent actions that you and your subcommittee have taken over the past decade, to defend, support, and expand the critical role of transit. Together we have made some progress in ending the repeated cuts in the federal role which have accumulated now to represent more than a 50% decline in federal dollars to this program. I look forward to the tremendous opportunity of service to our great nation that we all now have, in the post-interstate-highway era, in this Reauthorization bill!

Best regards,

David L. Turney
President, Luminator
Group Executive, Mark IV Transportation Products
Chairman, APTA Associate Member Board of Governors

REGIONAL TRANSPORTATION AUTHORITY

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Senator Cranston/Senator D'Amato:

Thank you for requesting my views on the upcoming process to reauthorize the surface transportation program. I suspect you will receive lots of comments related to section this and section that of the Urban Mass Transit Act so I'll refrain from being a legal scholar and instead comment on the issues we "operators" in the field must deal with.

Prior to my ranting on the UMT Act I would like to provide some background on our operation so perhaps you will understand our comments and their context. In Corpus Christi, we have a regional transit system established under the State of Texas statutes as an independent governmental body with a dedicated sales tax as our primary source of revenue. We were established by the voters of the region in 1985 and assumed operation of the local transit system early in 1986. We inherited a worn out system which had been run into the ground from neglect and lack of local funding support. If the UMTA program had not been established in 1964, I suspect there would have been even less to inherit. We have a service area of approximately 300,000 population and our typical ridership profile is female, age 20-29, Hispanic, income less than $10,000 annually, riding to work 5 times or more a week, and with no car available for the trip. In short, we provide mobility for a segment of the community that would not have another way to get around. Additionally, we have dramatically increased our service to the elderly and disabled community and have liberated many people from their homes.

Our service has increased from 15 routes to 29 routes. Our ridership has grown 137% on weekdays since our inception and 170% on Saturdays since our inception. We have done this and increased productivity as well. The quality of life for our typical rider has improved because of the Authority. But we aren't just about mobility for our typical rider. We have also committed ourselves to enhancing economic development within our community, including the convention and tourist industry, a significant segment of our local economy. Our routes provide these travelers a way to get around a community which has the typically sprawled, low density development patterns common to Southwest cities. We are an auto dominated community, and, in spite of this, we have done well over the last 4 years and are planning to improve our services in our next five-year plan. But we need help. Help from Washington. Bet you never thought you would hear that from a Texas resident.

(512) 883-2287 • P.O. BOX 23040 • CORPUS CHRISTI, TEXAS 78403-3040

Now, back to the reauthorization.

1. FUNDING & DISTRIBUTION ISSUES. We continue to support the distribution of funds using the formula programs. We feel that these programs should be given the top priority for funding from the gas tax. Though we currently are not utilizing UMTA funds for operating assistance, many small urban and rural systems would not exist if they could not use federal formula funds for these efforts. We feel the prohibition on the use of gas tax revenues for operating assistance should be removed.
UMTA programs have seen their levels reduced 50% in real dollar terms over the last few years and, if we realistically expect the transit industry to play a meaningful role in the reduction of vehicle miles traveled (VMT), this must stop. I'm frankly tired of the buck passing and double talk on significant policy questions for our nation and feel we must realistically develop our goals, tell the truth about the cost, develop simple realistic programs to accomplish the effort, and get about the business of getting the job done! If we really want clean air, mobility for all our citizens, job opportunities for all the people who want work, and the resultant sound economy, then we must recognize that in large urban areas and for segments of our community in small urban and rural areas, transit means mobility, jobs, clean air, and economic development. We have been pleased that this message may now be better understood, but we have a long way to go to rebuild the infrastructure we have let decay over the last few decades.

2. FLEXIBILITY IN USE OF FUNDS. If we want to encourage the use of transit than don't allow diversion of transit dollars to highway projects. Less densely populated areas will continue to be the result. Without leadership, we will continue to follow the path of least resistance locally and spend our money on roads, sewer extensions, water extensions, development extensions into our agriculture lands, and ignore the pain and changes required to repair the decay in our center city. I think it is obvious that our development patterns and methods may not be the most efficient use of the limited resources available to us. It is time to wake up to the results of our development policies for the past 40 years. We need national leadership and wise policy if we are to reverse this trend. It will not be easy. Special interests dominate the landscape as never before. They can't develop wise policy, but they can destroy it if it doesn't fit their limited goals. We recognize this and hope you can overcome the resultant narrow focus and paralysis and develop the wise policy we require to reverse the trends of the last few decades.

3. RESEARCH AND DEVELOPMENT. Funding provided for research and development by the UMT Act has declined significantly in the last decade. We, as with any industry, will become less efficient and ultimately decay if we don't reverse these trends.

That doesn't seem to be a wise use of limited public resources. We hope you will listen carefully to the suggestion of the industry that commitment and funding for increased research and development can best be accomplished at the national level.

4. PRIVATIZATION. The federal government invested a lot of money in the transit industry between 1964 and the early 1980's. It has been well documented that productivity declined in our industry during these years. There were lots of reasons for this. Some, such as increased fuel costs and increased costs of materials and supplies were because of factors external to the industry. Others, such as increased labor costs, were the result of pent up demand from years of neglect and ineffective management. In its infinite wisdom, the previous administration, as well as numerous academics and policy makers, suggested turning over the operation of transit systems to the private sector to overcome the inefficiencies allowed to occur by ineffective management and weak policy makers. This was couched in the term privatization and has been credited with big percentage labor savings and efficiencies for the industry. It seems to me that if we want more productive systems we should demand that of management, not create needless paperwork, headaches, and processes under the guise of privatization. If federal policy is to bust unions and lower wage scales, say so. If federal policy is to demand efficient operations of our transit systems for the dollars invested, say so. The methods to accomplish an efficient operation are many and are well known to effective transit managers. It isn't necessary to subject the customer, the people we all are supposed to be serving, to poor service and under-trained new hires to achieve more efficient operations. What is appropriate is to demand efficient operations, based on local operating conditions and policy, as a cost of receipt of federal funds. Use of the current triennial review can assist in the process. Other methods that are not needless bureaucratic processes can be developed. We don't need the current UMTA "privatization" efforts to accomplish the goal of efficiency. We need effective management and astute policy-makers. We need guts to do what is right.

5. CHARTER REGULATIONS. Current regulations used by UMTA hurt the customer. Again, in our desire to help the charter operators we have cost the user more money. The following example will serve to illustrate the point. In Corpus Christi we use a rubber-tired trolley for our tourist services. It is the only vehicle of its type in the area. For a person to charter this vehicle when it is not in use, they must go through a private charter operator. That operator calls us and we arrange for, provide, and supervise the provision of the service. We charge fully allocated costs to the private sector charter operator. They add whatever the market will bear to these costs, and the only thing they do for their extra money is a phone call to us! In summary, the customer pays an extra $20 per hour for the privilege of using the private sector.

We appreciate the argument that publicly subsidized vehicles should not be used to unfairly compete with the private sector. But again, let's not miss the point. Sometimes, the market place and public policy suggest it is more efficient and more effective to use public sector services for charter movements. Why stick it to the customer? The current regulations promulgated by UMTA need to be revised to provide a better balance between the public and private sectors. Remember, we are supposed to be serving the customer by using our scarce resources efficiently. It does not seem we serve the customer best by creating needless layers for them to wade through to get the service.

6. THE TAX CODE. Currently, an employer can deduct the cost of providing parking to their employee as a business expense. There is no limit. If an employer wants to provide transit services to their employee as an alternative to parking, they are limited to a $15 deduction limit a month. Any more than that and they lose the entire deduction. It seems to me that we have stacked the deck against transit in this case. Let's use this opportunity to balance the playing field and right this wrong. Allow employers to deduct the entire cost of the transit alternative or disallow the entire cost of the parking deduction.

I appreciate the opportunity to comment on your upcoming effort to reauthorize UMTA. I sincerely appreciate the efforts of you and your subcommittee in defending the federal transit program over the past decade. Your efforts have helped provide the opportunity for us to be at this point today. The reauthorization bill will set the tone for the next decade. If we care about the environment, energy independence, mobility, and quality of life, we can take this opportunity together to define appropriate national policy. I support your efforts to define the program and look forward to working with you and your staff.

Sincerely,

Len Brandrup, Jr.
Director of Operations

SOUTH WEST TRANSIT
ASSOCIATION

November 29, 1990

The Honorable Alan Cranston
United States Senator

The Honorable Alfonse D'Amato
United States Senator

United States Senate Committee On
Banking. Housing, and Urban Affairs
Suite SD-534
Washington, DC 20510-6075

Dear Senator Cranston and Senator D'Amato,

It is with great appreciation that I respond to your October 18, 1990 request for recommendations on congressional changes in mass transit policy. I am writing to you as Chairman of the South West Transit Association (SWTA) Legislative Committee. SWTA is a seven state organization of transit providers throughout Arizona, Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, and Texas. Through its legislative committee, the organization is active in reaching consensus of its members toward a unified voice on legislative issues which affect mass transit.

The SWTA Board of Directors has recently adopted two position papers which address UMTA reauthorization. Copies of those papers are attached. The first paper, adopted by SWTA May 18, 1990 outlines SWTA's position on UMTA reauthorization within the context of the American Public Transit Association (APTA) reauthorization proposal. The second paper, adopted by SWTA on November 28, 1990 outlines SWTA's position on UMTA reauthorization within the context of the UMTA Administration's proposal for reauthorization. These papers both represent the recommendations of the South West Transit Association.

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Dallas, TX 75374
214-404-9853

SWTA is very interested in the Mass Transit Conference that you have planned for early next year. Please continue to send information on it. SWTA would like to participate in any appropriate way, such as giving a presentation or testimony regarding our positions.

Thank you for this opportunity to provide input as Congress considers this important issue. If you have questions or need further information, I can be reached at (512) 227-5371.

Sincerely,

Wayne M. Cook
Legislative Chairman

SOUTH WEST TRANSIT
ASSOCIATION

Position of the South West Transit Association
Adopted May 18, 1990
Federal Transit Re-authorization Legislation

In general SWTA supports the American Public Transit Association concepts on mass transit re-authorization. A new program should consist of several funding categories as pictured in the attached APTA diagram. Specific SWTA positions are detailed below.

Transit Categorical Program

This program should be funded with gas tax revenues at a level of $6.5 billion. Transit research and development, planning, elderly & disabled, UMTA Administration, and RTAP should be funded at 3% of the total categorical program.

Discretionary--15% of the remaining 97% (14.5% of the total) should be distributed on a discretionary basis: 80% for new starts and extensions, and 20% for bus projects.

Formula--The remaining 85% (82.5% of the total) should be distributed according to the current section 9 formula after setting aside $200,000,000 for section 18, and an amount for rail modernization that is equal to the discretionary amount designated for new starts and extensions. If the Transit Categorical Formula program is funded at an amount less than $6.5 billion, rail modernization should be funded strictly out of the discretionary program as it is today.

Include in the formula only those urbanized areas which have received and used Federal transit funding during the previous year, thus avoiding the appropriation of money to areas where it goes unused. If an area is starting a new system, and has not previously been included in the formula program, allow by a certain date, certification to UMTA of a pending new start, in order to become included in appropriations for the upcoming year.

Maintain operating assistance. Eliminate operating caps for grantees with service areas of less than 1,000,000. For grantees with greater than 1,000,000 population in their service areas, operating assistance should be frozen at the current percentage level of each system's current operating budget.

Capacity Expansion (Flexible Use Program)

This program should be funded with gas tax revenues at a level of $4.5 billion for transit and $9 billion for highway projects. No funds should be devoted to this category unless the Transit Categorical program has been funded to a full $6.5 billion.

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Dallas, TX 75374
214-404-9853

General Principles--In the case of the transit portion of these funds, the designated recipient (DR) should be the same transit entity that is receiving the Categorical Program funds. Although there will be flexibility in the use of funds, the grantee for any project should be the original DR for the funds to be used. Funds should not be transferable from a highway DR to a transit DR or vice versa. Ensure coordinated planning by requiring that both transit and highway interests agree on a plan for the use of all flexible funds before any flexible use projects will be approved.

Discretionary--SWTA withholds comments on this category of funding, pending discussions with APTA as to what programs this category is intended to fund.

Formula--Transit's portion of the Flexible Use Program should be distributed in the same way as the Transit Categorical program: A 3% take down for planning and research, etc; 15% of the remaining for discretionary projects and 85% of the remaining distributed according to formula. A set aside for the section 18 program should come from the 85% share: a percentage which is proportionate to section 18 share of the categorical program. i.e. if the $200,000,000 set aside for section 18 is 3% of the transit categorical formula program, then section 18 should receive a 3% set aside from the capacity expansion formula program.) The formula for distribution to urbanized areas should take into account population and population density of the urbanized area; as well as some method of ensuring some minimum return to source of gas tax. The amount of return to source of gas tax will be considered based on APTA research to be presented at the Legislative meetings in Memphis, May 20-22.

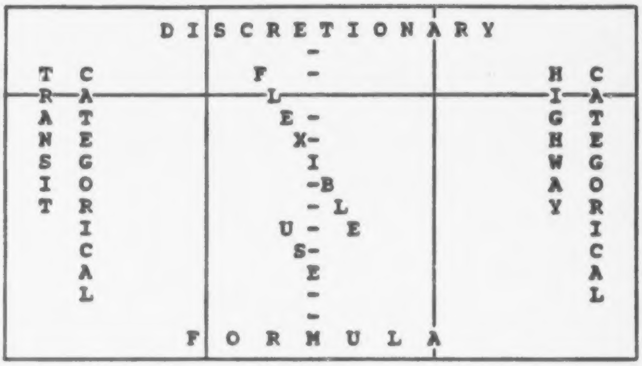
Designated Recipients--All section 9 recipients should be allowed to decide locally whether or not they wish to be a DR. Funds should continue to be placed under each State's control three months prior to lapsing, for purposes of transfer. The states should remain designated recipients for section 18 funds, however, discretionary powers of the states over the distribution and use of section 18 funds should be very limited.

Use of General Revenue Funds--The transit program should continue to receive approximately $2 billion from general revenue appropriations. General revenue should be used for discretionary programs only, unless it is needed to fund the formula transit categorical program to the minimum level described above.

Gas Tax--SWTA supports the APTA proposal for a 7 cent gas tax increase dedicated to transit programs. Regardless of the rate of gas tax or amount of gas tax revenues available to federal mass transit programs, formula programs should have first priority in the use of gas tax revenues. Discretionary programs should be funded with general revenues, or with gas tax revenues which are in excess of what is needed for formula programs. In the event that no significant increase in transit funding is realized, some form of rate of return of existing funding should be considered.

Funding for Federal Mandates--Federal policies and mandates require additional costs to transit operations and capital investments and as such, federal funding should be provided to meet these requirements.

Table I



PROPOSED FUNDING LEVEL ($ billion):	$6.5	$ 4.5 - Transit 9.0 - Highway $13.5	± $18.0
PROPOSED SOURCE OF FUNDS:	dedicated gas tax	dedicated gas tax	dedicated gas tax
PROPOSED USE OF FUNDS:	± 3% takedown for research and marketing transit reinvestment defined as rehabilitation and replacement as well as modal share retention	± 3% takedown for research and marketing transit/highway capacity expansion transit reinvestment as necessary highway reinvestment as necessary	± 3% takedown for research and marketing highway reinvestment
PROPOSED ELIGIBLE PROJECT TYPES:	Discretionary: -new starts & extensions -bus Formulas: -small urban and rural -rail modernization -current eligible Section 9 uses, i.e. capital and operating	issues of national significance, primarily: transit/highway capacity expansion primarily and reinvestment requirements to the extent not met by specific categories	current eligibilities
PROPOSED FUNDS ALLOCATION:	± 15% discretionary ± 85% formula Formulas: -small urban & rural: current -rail modernization: based on need or system size -current Section 9, except with modified operating limit restrictions	± 15% discretionary ± 85% formula Formulas: -based on best reflection of investment need and national issues	current allocation mechanisms Formulas-current
PROPOSED DESIGNATED RECIPIENTS:	current	each current transit and highway DR must concur	current

SOUTH WEST TRANSIT
ASSOCIATION

Position of the South West Transit Association
Adopted November 28, 1990
Response to UMTA Proposal for
Reauthorization of the Urban Mass Transportation Act
as presented July 23, 1990
in Snow Bird Utah

The South West Transit Association is a seven state association of mass transit providers. SWTA has members in Arizona, Arkansas, Kansas, Louisiana, New Mexico, Oklahoma, and Texas. Additionally, SWTA has associate members from all over the United States. SWTA has long been an advocate of mass transit, particularly on issues affecting the southern and western states. SWTA offers the following response to the address given on July 23, 1990 by Mr. Brian Clymer regarding the Administration's proposal for reauthorization of the Urban Mass Transportation Act.

DISTRIBUTION OF FUNDS

SWTA supports the concept of distributing more funds through the section 9 and 18 formula, including the discontinuation of the use of passenger miles as a factor in the formula.

SWTA supports the Administration's position that formula programs should be given top priority for funding from the gas tax. SWTA has previously taken a position that gas tax revenues should be used first to fund formula programs and that discretionary programs should be only a secondary use of the revenues. Likewise, given full funding for formula programs, general revenue funds should be used first to fund discretionary programs and second to fund formula programs.

SWTA supports elimination of the prohibition on the use of gas tax revenues for operating assistance.

FLEXIBILITY OF FUNDS

SWTA opposes the eligibility of transit funds for highway projects. Less densely populated areas have long demonstrated a bias toward highway projects rather than transit. It is the lack of policies promoting transit that have resulted in some of the congestion and air pollution we experience today. The local decision making process for transportation issues is sadly subject to short term political pressures that often do not promote the long range interests of mass transit and national transportation goals.

A flexible funding program is an attractive compliment to effectively meeting national transportation goals in an environment where both highway and transit funding needs are fully met.

SWTA would support an experimental flexible use program as described by the Administrator in a speech several months ago: A very limited program which included a four to one matching ratio of highway dollars to transit dollars. The purpose of the experimental program, as described in that speech would be to see how well the program worked before committing larger quantities of funds to such a program.

If a flexible program at any funding level is implemented, there is a need to establish guidelines for local decision making which are reflective of the National Transportation Policy. Such a process must be in place before any flexible program goes beyond an experimental phase. In addition, all existing levels of funding should be held harmless from the effects of such a program. Only new funding above current levels, should be considered for a flexible program.

At a minimum, SWTA endorses limiting the amount of funding that can be transferred from transit sources to highway projects. SWTA recommends federal guidelines developed along the lines of the National Transportation Policy in developing the process for reaching agreement on how transit or highway money is best spent. Without federal involvement, the United States does not have a effective national transportation program.

OPERATING ASSISTANCE

SWTA has long promoted the importance of continued flexibility in making local decisions about the application of federal funds to either capital or operating needs in both the section 18 and section 9 programs. We acknowledge the Administration's effort at a fair proposal whereby federal money may be used to fund "transit capital, including materials and supplies," and the accompanying hold harmless arrangement whereby no transit system would loose any operating assistance. We offer the following comments:

The effect of this proposal is really that of freezing operating caps forever, and requiring paper shuffling of expenses. If the intent is that no transit system lose any operating assistance, there is no need to change the current program. All that the proposal really does is increase accounting and paperwork. This can be burdensome, particularly for the smaller systems most likely to need to take advantage of the hold harmless offer.

SWTA endorses some provision by which operating funding would be allowed to grow under both section 9 and 18. Funding for capital purchases is of little use to a transit system that cannot afford to operate additional service. For many years now, section 9 operating funds have been frozen, even though inflation continues to increase real operating cost each year. In effect we have experienced decreases in operating assistance. We do not ignore the responsibility of the local community to increase funding for operating assistance. Due to matching ratios, local funding is required to make use of additional federal funding. Without increased operating assistance, many of our transit systems cannot grow and national transportation goals cannot be met.

Operating assistance must be recognized by UMTA as a legitimate maintenance of effort which protects the federal investment in transit. This is particularly true of small properties. SWTA supports the local decision making process for deciding in what proportions capital and operating funding is best used to most efficiently produce a workable transit system for each community.

MATCHING RATIO

The proposed 60/40 match ratio for UMTA funds would create a significant burden on many transit systems. The federal government is imposing many new costs upon local transit systems as a result of the Americans with Disabilities Act and the Clean Air Act. While SWTA supports the intent of these Acts, it must be recognized that they are costly. The continuation of an 80/20 capital match and a 50/50 operating match is essential to the transit industry.

In any event, it is imperative that matching ratios for highway programs be parallel to those of transit programs. A lower local match for highway dollars will undoubtedly result in a bias for highway projects over transit projects. Furthermore, a local match structure which actually favors transit projects would be in keeping with many of our national goals for clean air, reduced congestion, reduced fuel consumption, and an improved environment.

SPEND DOWN OF THE TRUST FUND BALANCE

SWTA endorses a spend down of the trust fund balance. SWTA also endorses further exploration of making future obligations from the transit trust fund.

SECTION 18 SET ASIDES

SWTA endorses the continued use of formulas and set asides for the section 18 program. We urge the Administration to increase funding for this program. Both APTA and SWTA have endorsed a $200 million funding level for the section 18 program as a part of a $6.5 billion transit reinvestment program. The section 18 program should receive a like percentage set aside (3.08%) of the total transit program regardless of the total funding level. But in no case should section 18 funding be less than current levels.

SECTION 16(b)(2) SET ASIDES

SWTA endorses the continued use of formulas and set asides for the section 16(b)(2) program. We urge the Administration to increase funding for this program. SWTA endorses a $100 million funding level for the section 16(b)(2) program as a part of a $6.5 billion transit reinvestment program. The section 16(b)(2) program should receive a like percentage set aside (1.54%) of the total transit program regardless of the total funding level. But in no case should section 16(b)(2) funding be less than current levels.

SWTA supports the Administration's proposal to allow the lease of 16(b)(2) vehicles to public agencies.

STATE AUTHORITY TO TRANSFER FUNDS AMONG ALL PROGRAMS

SWTA supports the Administration's proposal to allow states the authority to transfer funds among all of the state administered programs.

DESIGNATED RECIPIENTS

SWTA opposes any change in the current structure of designated recipiency, particularly for transit systems in areas with 50,000 to 200,000 population. SWTA supports changes which would strengthen the stability of designated recipiency for those systems which presently have it.

FORMULIZATION OF RAIL MODERNIZATION PROGRAMS

SWTA supports the Administration's proposal to formulize rail modernization programs.

FUNDING OF RESEARCH PROGRAMS

SWTA supports the Administration's proposal for the funding of research programs. RTAP funding should also be maintained.

COMMISSION
ROBERT H. DEDMAN, CHAIRMAN
RAY STOKER, JR.
WAYNE B. DUDDLESTEN

STATE DEPARTMENT OF HIGHWAYS
AND PUBLIC TRANSPORTATION
DEWITT C. GREER STATE HIGHWAY BLDG.
11TH & BRAZOS
AUSTIN, TEXAS 78701-2483
(512) 463-8585

ENGINEER-DIRECTOR
ARNOLD W. OLIVER, P.E.

December 3, 1990

CONTACT:

Honorable Alfonse D'Amato
United States Senator
Committee on Banking, Housing and
Urban Affairs
Washington, D.C. 20510-6075

Dear Senator D'Amato:

Thank you for your recent letter inviting us to submit our recommendations on changes in mass transit policy.

There are three issues that the department feels Congress should address in revising current mass transit policy.

> **Administration of the Section 9 Governor's apportionment program.** Administration of UMTA funds for urbanized areas with populations less than 200,000 should rest with the states, as it does with the nonurbanized program. Theoretically, UMTA could receive grant applications from more than 225 urbanized areas annually. If the states were the applicants and responsible agencies, the number of grant applications would be reduced to a maximum of 51 (50 states and Puerto Rico) annually. And, since Section 18 Program is already being administered by the states, the administrative structure is already in place. The reduction in grant administration would allow UMTA to concentrate its resources on the management of the various transit programs rather than the administration of them.
>
> **Increase flexibility for transfer of funds between UMTA programs to finance transit activities.** A portion of Secretary Skinner's Statement of National Transportation Policy states that it is federal transportation policy to move from predominantly categorical grants to broader, more flexible federal funding for

transportation. We concur with and support the Secretary's policy statement, especially in the ability to transfer funds between UMTA programs. Current regulations allow a transfer of funds between urbanized and nonurbanized programs; however, such flexibility does not exist between the elderly and handicapped transportation program and the urbanized or nonurbanized programs. With this flexibility in place, mobility issues could be approached from a regional or statewide basis, rather than by a jurisdiction by jurisdiction approach.

One alternative that could be effective in increasing flexibility is the establishment of a block grant program to the states to finance all transit activities in areas other than those with populations exceeding 200,000. The increased flexibility of a block grant program would allow the states to target federal funds where the demands are the most urgent.

Increase emphasis and funding for planning, research and development activities. As reported in the Transportation Research Board's Special Report 213: Research for Public Transit - New Directions, Federal funding for transit planning, research and development activities averaged $60 million annually in the 1970's; the current funding averages about $22 million annually. With the increasing emphasis on transit systems to reduce their reliance on federal funds, planning activities are essential to insuring that transit service is available at an effective level in the years ahead. For these reasons, we concur with UMTA that it is essential that funding for planning, research and development activities be stabilized at 3 percent of the total annual UMTA appropriation.

We look forward to working with you through the months ahead. If we can be of further help to you or your staff, please telephone me or David Soileau, our Federal Programs Analyst. My telephone number is 512/463-8616. David may be reached at 512/463-6081.

Sincerely,

Arnold W. Oliver, P.E.
Engineer-Director

UTAH TRANSIT AUTHORITY
3600 South 700 West
P. O. Box 30810
Salt Lake City, Utah 84130-0810
Telephone (801) 262-5626
Fax (801) 287-4614

UTA

December 11, 1990

Senator Alan Cranston
Senator Alfonse D'Amato
United States Senate
Committee on Banking, Housing
and Urban Affairs
Washington, D.C. 20510-6075

RE: October 18, 1990 Letter on Reauthorization of the UMT Act

Dear Senators:

In response to your letter of October 18, 1990, the Utah Transit Authority (UTA) submits the following suggestions for the Committee's consideration:

1) There needs to be a revamping of the transportation system in terms of the "transportation goal" of the United States with integration of the various modes of transportation in mind. Currently the different modes (i.e. Coast Guard, rail, highways, Urban Mass Transportation, etc.) generally act independently of the other entities. The UTA supports all modes of mass transportation, as decided by the cities involved, and there needs to be correlation between all modes.

2) For mass transit to truly work in the United States, this country needs to put a larger emphasis on its financial commitment. We need to get people out of the private automobile and provide a system that will realistically and adequately provide a viable, attractive alternative. Along the Wasatch Front of Utah, where 80% of the population lives (about 1.2 million people), we spend \$4.5 billion on the private automobile mode of transportation and only \$40 million on public transit (99 to 1). It's no wonder transit is underutilized. It is neither convenient nor fast by design and, because Federal policy has given most of its attention and resources to the automobile mode, other modes have practically been excluded. Basically, Federal policy has created a no-option transportation network in the United States, unlike virtually all other developed nations where a sense of balance has provided much more rational transportation decision making. Our current dependence on fossil fuels and urban congestion clearly dictates we need to develop and increase (not delete or reduce) systems that will give our populace the incentive and the realistic option of using mass transit. To do this, mass transit needs more Federal funding and commitment or at least a more balanced policy relative to highway expenditures. The government needs to fund mass transit with a similar dedication as it has the Federal highway system. In Utah, highways are funded at 92% Federal participation. Future mass transit projects are being forced to propose overmatch with local funds above statutory limits (50/50) to compete for the few funds available to it.

3) A more equitable system of dispersing the funds should be developed. As part of the re-evaluation and correlation process mentioned above, the overmatch policy needs to be evaluated and made equitable not only between transit agencies

AWARD
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APTA
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but also with other modes and departments of transportation. To our knowledge, UMTA is the only agency requiring overmatch on grants. The UTA would not be opposed to a switching of the means of funding Section 3 and Section 9 grants with only Sections 9, 9B, 18 Capital and 18(h) RTAP being provided by the Trust Fund. Leftover funds need to be made available to all agencies and not just a select few.

4) Many of the Federal Acts cause the government and the agencies to pay increased costs. Private enterprise is able to perform more efficiently without these restrictions. For example, the NEPA Act tends to drive costs up. Once the proposed procurement is advertised, prospective landowners tend to raise the price. The UTA does not possess the power of eminent domain, therefore, it would be helpful to be liberal in allowing advance right of way acquisition such that when property becomes available that is advantageous to a possible future project, a provision be provided to allow credit (provided the project is later approved and no higher than the then current value was paid for that purchase) for the local match to be allowed toward the total project cost.

Another area of increased cost is that of Davis-Bacon. Utah is a right to work state. Contractors in our area have indicated to UTA that Davis-Bacon increases the cost over the prevailing wage rates by approximately 25%. This is increased cost to both the Federal government and to UTA. Provisions are needed that will allow the competitive bidding system to work and keep the costs down in a fair and free enterprise environment.

5) Section 13(c) is very troublesome for transit labor managers. Ideally, this section should be eliminated. Since this is probably not politically feasible, a number of changes should be made. Section 13(c) provides protection for employees who may be affected by Federal assistance. The language was originally written to prevent public transit systems from eliminating transit unions when they purchased private transit carriers. The conversion from private to public took place long ago. This section now places a number of unnecessary restrictions on management as a result of receiving UMTA funds. In addition, this section gives employees more rights than any other public employees in many states. Some specific recommendations are:

a. Limit the application of labor protection provisions to the purchase of existing private transit systems. If this is not possible, limit the labor protection provisions to 90 days from the receipt of assistance or place an expiration date of 90 days or 120 days on all 13(c) agreements.

b. Defer to state labor laws when there is a conflict between 13(c) and a state law. Public transit employees should not enjoy more rights than other public employees within a state.

c. Create a speedy and uncomplicated process for the imposition of 13(c) protections when the management and union are unable to reach an agreement about 13(c) protections. The current process takes several months and allows the unions to hold transit systems hostage, unable to gain access to their Federal grants, while the dispute is being mediated.

d. Add a provision that 13(c) protections may not confer rights or benefits to employees which did not exist before the Federal assistance, but may only protect existing, bargained for rights.

e. Apply 13(c) protections only to those actions which are a direct result of, and can be clearly traced to, the Federal assistance.

f. Eliminate the language protecting "individual employees against a worsening of all their positions with respect to their employment". This is very broad and ambiguous.

6) In Section 20, there should be funding for innovative human resource programs in the area of employee health promotion and health care cost reduction.

7) A few general comments UTA would make and would like addressed either in the Act or in the administration of the Act are:

a. Give replacement buses a higher priority in Section 3 grants.

b. Have a standard set of certifications and assurances that would cover all grant applications. Currently the list is similar for all of our applications with a few exceptions.

c. Set quarterly deadlines for Section 3 program approvals so that agencies can adequately plan procurements for themselves.

d. The reporting of grants can be confusing. Some are reported on a regional basis and some directly to Washington, D.C. There should be a standard for all grants.

e. Revision change approvals should be increased to 20% by the agency rather than the current 10% and amendments should be handled like revisions with a faster turn around time.

f. Capital monies should be based on more up to date information. Traditionally the figures from Section 15 data are nearly two years old.

g. Cut down on duplicate mailings from Washington and the regional offices. Designate one source to be responsible and have them handle it.

h. It would help the planning and budgeting process if the State and Federal fiscal years could be made to coincide with each other. With the above being different, it makes the planning process very cumbersome.

Thank you for your consideration of the above.

Sincerely,

UTAH TRANSIT AUTHORITY

John C. Pingree
General Manager

JCP/VT:jhf

State of Utah
UTAH DEPARTMENT OF TRANSPORTATION

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Wayne S. Winters
Vice Chairman
Todd G. Weston
James G. Larkin
John T. Dunlop
Elva H. Anderson
Secretary

December 13, 1990

The Honorable Alan Cranston
The Honorable Alfonse D'Amato
Committee on Banking, Housing, and
Urban Affairs
The United States Senate
Washington, DC 20510-6075

Re: Re-authorization of the Urban Mass Transit Act
Subject: Mass Transit Policy-Utah perspective

Dear Senators:

I thank you for the opportunity to participate in a broad-based look at transit and transportation policy for new legislation. Utah is a unique state, our population is heavily urbanized along the Wasatch Front counties of Davis, Salt Lake, Utah, and Weber. The remaining counties are rural with only two communities nearing 20-25 thousand population. We must be as concerned with the mobility and access of both urban and rural populations, yet policy, both state and federal, tends to favor urban settings. Our state is comprised of 70 percent federally owned land which limits our own ability to support public utilities and services. It demands that sufficient federal funds be returned to the state so that residents, tourists, and industry can have mobility and access to goods and services. With that brief scenario our suggestions follow:

1- The urban mass transit act must broaden its image and focus.

The program has matured to one of serving most of the needs of Urbanized and Urban areas, but small urban, rural, and elderly and disabled persons transportation needs, regardless of their geographical setting are not receiving adequate support. As Rural America indicated in their 1985 study reported to Congress, the share of the nations population that is poor, disabled, and over 65 years of age is heavily rural. We support the suggestion that a new name be created such as Federal Mass Transit Act and Administration or similar language.

The gap between per capita dollars spent on urban people versus those dollars spent on rural people must be narrowed. In mass transportation tax dollars it is estimated that less than $1.00/capita is spent for rural persons and over $6.00/capita for urban people. Equity and fairness must become visible in this new re-authorization bill through increased dollars to the Section 18 small urban and rural assistance program.

2- **The so-called dedicated mass transit account of the Highway Trust Fund ought to be used to support the mass transportation program on a yearly basis and the formulas used to apportion funds to the states should provide a minimum level of funding to each state before the population formulas kick in.**

For Utah the funding is not adequate for rural settings because our population is nearly 80% urban. The cost to do business and to put mass transit in our small communities is equally expensive as anywhere in the country, yet we receive $300,000 per year in the Section 18 program, less than any state in the West except Nevada.

We must hold funds for more than one year in our program of projects just to get enough to do a significant rural project. Yet we fall farther behind in meeting local needs. Inflation is eroding our effectiveness and ability to meet even a fraction of the demand and need. The local communities share the majority of the burden as we believe it should be, but we are not equitably and fairly distributing the funds throughout the state as new projects come on line.

Logan City, home of Utah State University and full-time residents estimated at nearly 25,000, recently voted for mass transit funding and operations in a November referendum. This system will require at least 5-6 transit buses. The Ute Indian Tribe Transit system is serving the second largest reservation, land wise in the nation and operates 4 vehicles. TRAIL, Inc. operates 4 mini-buses in a six country region that comprises 1/3 of the State of Utah. Park City Transit operates 14 transit buses, 3 mini-buses and one senior van and in 1989 carried over 770,000 riders and incurred 288,000 vehicle miles in a very small community of only 5,000 local residents and a huge tourist population.

In 1982, Park City purchased transit coaches at a cost of $82,000 per vehicle. New replacements to serve beyond the 1998 winter olympic games will cost over $150,000 each. Just two buses would eat up Utah's Section 18 annual apportionment.

St. George, Utah is the third most favorable spot in the nation to retire to according to some recent reports and we anticipate that during the next 5 years this community will recognize a need for a reasonable transit system. But they will need start up capitol funds to provide a quality program. At the current straight line funding from Section 18 we will not have start up funds.

3- **The new legislation should provide maximum flexibility to the Governor's to transfer funds from one U.S. DOT program to another without jeopardizing the support needed in each separate program.**

Utah is unique. We have one large urbanized area (over 200,000 census) being provided transit service by the Utah Transit Authority. We have no Small urban area between 50,000-200,000 population and we are not likely to have for many years to come. The next largest communities, Logan and St. George are just reaching the 25,000 population.

We are not meeting the needs we identify in mass transit nor are we able to repair or replace the worn out bridges and local roads and streets throughout the state in a safe and timely fashion. We must have the flexibility and the funds to get the job done with a minimum of federal regulation, red tape and paperwork.

4- **Despite of our shortage in federal mass transit and highway infrastructure funds in Utah, we must not ignore the two areas that may do more to help solve our related problems of air pollution and traffic congestion, Van Pooling and Car Pooling.**

Congress needs to investigate public and private incentives to utilize these modes. Increased use of car and van pooling to move people to and from work will do more to relieve traffic congestion and air pollution levels than mass transit ever will. Transit carries about 6% of the daily trip demand.

Typically ridesharing is coordinated and managed by UMTA funded transit authorities. I believe that the sooner ridesharing can be managed and coordinated in the private sector, the more attention to and acceptance it will have in the communities and its usage increase, especially if other management tools are used in the scheme such as flex time, hi-occupancy vehicle lanes during peak hour, one-way street designations, improved signal synchronization.

5- **Local agencies have great needs and little resources.**

State and Local transportation systems have great needs and low funding resources.

The Utah Legislature authorized a study of Utah's roads that was completed two years ago. This "Highway Systems Study" was a cooperative effort between the Utah League of Cities and towns, the Utah Association of Counties and the Utah Department of Transportation to determine the needs and the revenues on the three road systems.

Utilizing the total projected needs and the anticipated five year revenues, a comparison was made between needs and revenues. No level of government will have sufficient revenues to meet anticipated needs. The study showed the state shortfall would be over $760 million, while counties will experience a shortfall of over $555 million. Cities will have over a $435 million shortfall.

Due to the cost of going through the federal process under the current Surface Transportation Act, only the large scale projects are being funded with federal dollars. Smaller projects are being funded with local resources or not being funded at all. Many of these small projects are needed and would be funded if the communities had the resources. A block grant type program that would have few strings attached should be looked at for these type of projects.

6- Alternative Fuels research and implementation should be accelerated as long as ways are found to offset possible losses in the gas tax supported trust fund.

I hope this information/suggestions to the new re-authorization bill will be helpful in consideration of the unmet needs in Utah and the remaining intermountain states.

Sincerely,

E.H. Findlay

E.H. Findlay, C.P.A.
Executive Director

EHF/LE/ly

jhk & associates

November 30, 1990

Senator Alan Cranston/Senator Alfonse D'Amato
Committee on Banking, Housing, and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Re: Recommendations for the Reauthorization of the UMT Act

Dear Chairman Cranston/Senator D'Amato:

I appreciate your requesting my views and recommendations on the reauthorization of our national mass transit policy. Transit is an economical and environmentally sound answer to many transportation problems. The reauthorization should emphasize and encourage the cost-effectiveness of increasing transit ridership as an alternative to costly highway construction.

I have been involved in planning and implementing many transportation programs in urban and rural areas across the country during the past 13 years. I understand the travel characteristics and needs of urban/suburban commuters and the transportation disadvantaged alike. I have seen mass transit and ridesharing services reduced because of inadequate funding compounded by additional federal regulations and declining ridership. I know that transit does not have a fair playing field when compared to the single occupant automobile.

In reauthorizing the Surface Transportation Act and the transit program, I would ask that you:

- Include a broader definition of transit to encompass and promote increased availability and use of all forms of high-occupancy, share-ride services.
- Increase federal funding for transit, ridesharing, HOV lanes, IVHS, and industry training.
- Enact an immediate motor fuels tax increase and dedicate the entire federal fuels tax to support needed transit and highway investments.
- Allow greater flexibility in the use of available federal funds and implementation of traffic mitigation plans.
- Establish a stronger multi-modal approach in transportation planning and funding.

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- Encourage the development of comprehensive land use plans and establishment of more transit-oriented and pedestrian-oriented areas; require closer integration of transportation investments and land use decisions.
- Continue federal operating assistance for all sizes of transit systems.
- Eliminate the taxation of employer-subsidized transit passes and other federal laws which act as disincentives to transit use and ridesharing.
- Expand federal funding for basic research, development, and training affecting transit; support training at all levels: policy-makers, managers, staff, and drivers.
- Implement formal training scholarships for university transportation degrees whereby recipients are required to work with a public transportation agency for a minimum of two years.
- Provide federal funding to meet new federal policies and mandates resulting in additional costs to transit operations and capital investments, e.g., the Americans with Disabilities Act.

I thank you for your many efforts to support the federal transit program over the past decade. I hope that you will include my recommendations, many of which will be echoed throughout the transit industry, in the upcoming reauthorization bill. This reauthorization is a great opportunity to better position transit and conserve our environment and energy.

Sincerely,

JHK & ASSOCIATES

Blanche B. Buergler
Senior Associate

NVTC Northern Virginia
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RECOMMENDATIONS FOR FEDERAL MASS TRANSIT POLICY AND PROGRAMS

Submitted to the
Committee on Banking, Housing and Urban Affairs
U.S. Senate

Richard K. Taube
Executive Director

Northern Virginia Transportation Commission

--November 13, 1990--

RECOMMENDATIONS FOR FEDERAL MASS TRANSIT POLICY AND PROGRAMS

INTRODUCTION

The Northern Virginia Transportation Commission was created in 1964 by the Virginia General Assembly to serve as a transportation planning, coordinating and financing agency. NVTC now consists of six jurisdictions (Arlington, Fairfax and Loudoun Counties and the Cities of Alexandria, Fairfax and Falls Church) with a population of over one million. Nineteen Commissioners serve on NVTC, consisting of elected officials from the local jurisdictions and General Assembly, as well as a representative of the Virginia Department of Transportation.

NVTC receives about $70 million annually in regional motor fuels taxes and state and federal assistance. Of this total, slightly over $4 million consists of federal aid from Section 9 of the Urban Mass Transportation Act received for NVTC by the Washington Metropolitan Area Transit Authority (WMATA). NVTC appoints Virginia's four members of the WMATA Board of Directors.

NVTC is also sponsoring 100-miles of new commuter rail service costing over $100 million to initiate, including a $79 million tax-free bond issue. NVTC has undertaken this project, which is due to start service in October, 1991, with only a modest $750,000 federal grant (from Section 3 of the UMT Act), for parking lots and platforms.

Given this background, NVTC is well positioned to comment on the benefits and costs of current federal transportation policies and programs. This statement has been discussed with the Commission's Legislative Committee and its principles are being recommended to the Commission for inclusion in NVTC's 1991 Legislative Agenda.

The message is straightforward: Local governments are strapped for cash and facing seething taxpayer discontent, while compelled to meet accelerating demands for resources to fund needed transportation investments and services. At the same time, federal and state governments are sharply restricting customary sources of financial assistance while imposing a bewildering array of costly rules and regulations.

Local governments have a comparative advantage in investment and service decisions, since they are so close to those who use and benefit from these transportation systems. But the federal government is better situated to collect tax revenues, since federal taxes cannot be evaded by crossing local boundaries. Consequently, federal policy should emphasize long-term, flexible funding assistance programs for local governments with a minimum of burdensome regulations and red-tape. Where a clearly identified interest exists in accomplishing a federal objective (e.g. complete accessibility to public transit by mobility impaired persons), in addition to regulations specifying how such an objective should be met, sufficient federal funding should be provided to support the objective.

Recognizing a Federal Responsibility for Funding Transportation

The federal government imposes many requirements on state and local governments that reflect a federal interest in transportation. These include, in the case of public transit, requirements for labor protection, disadvantaged business enterprise enhancement, handicapped accessibility, private sector involvement, environmental protection, American-made goods procurement, and many others. Nowhere is the federal interest in transit more evident than in Northern Virginia, which includes important military installations, the Pentagon and U.S. Navy complexes, as well as being contiguous to the federal seat of government.

Clearly, this federal interest in the economic and social benefits of transit should be supported with federal funding and enthusiastic support, not empty budget line items.

NVTC's Financial Study

NVTC's consultants, KPMG Peat Marwick, completed in January, 1990, an important new study of financial resources for transportation in Northern Virginia. The key assumptions and findings of the study are:

1) By 2010, over $10 billion is required for transit and highway construction, capital equipment and operations to hold the line on traffic congestion. This excludes other enormous investments such as $900 million for the Capital Beltway and perhaps a billion dollars for the proposed eastern bypass. Existing sources of state and federal revenue will yield less than $3 billion, leaving a shortfall of over $7 billion.

2) As of FY 1988, combined spending for transportation in Northern Virginia was $500 million annually, of which local governments provided well over a third. Local governments spend over two-thirds of their portion on transit. This means that if state and federal cutbacks force local governments to shift resources, transit could suffer disproportionately.

3) As of FY 1988, Northern Virginians paid almost $500 million to the state and federal government in transportation-related taxes. Only three-quarters of state gas tax revenues paid in Northern Virginia were returned here. While that fact is troubling, of particular concern is the revelation that only slightly more than half of federal motor fuel taxes collected here were returned for our benefit.

4) The study reveals that, in order to meet Northern Virginia's transportation needs, a financial partnership is required of all levels of government, users and the private sector. The federal government must not withdraw from this financial coalition.

Funding Required to Complete the Metrorail System

An additional $2.7 billion is now required to complete the 13.5 miles of the Metrorail system that are neither built nor financed. Congress has acted to provide $1.3 billion over the next eight years, with state and local governments required to add 37.5 percent ($780 million). Virginia alone must pay about $182 million. The total, $2.1 billion, falls short of the $2.7 billion needed to complete the job, and inflation will surely add to the total cost.

If the federal government had agreed to continue with its traditional 80 percent matching share, local governments would have been required to pay $540 million to complete the 103-mile system. Currently, local governments face a bill of almost twice that amount for partial construction of the system.

What may seem to be a "modest" reduction in federal matching share translates into significant burdens for local taxpayers.

Implications of Clean Air Act

The federal Clean Air Act, which recently passed Congress, will undoubtedly place additional financial burdens on the region's public transit systems. The bill calls for buses to meet strict new pollution standards in an effort to reduce harmful emissions.

On the other hand, the bill recognizes that reducing vehicle miles travelled (VMT) is an effective means of controlling vehicle emissions in areas that exceed ozone standards. This poses an opportunity to use public transit systems in a strategic program to slash congestion.

The federal government has a responsibility to promote such positive strategic plans to reduce VMT through federal transit funding, as well as seeking effective performance standards to protect our environment.

Implications of Americans with Disabilities Act

President Bush signed this landmark civil rights legislation this summer. Among its provisions, the Act requires that all new buses and railcars be accessible to mobility impaired persons, and key rail stations and existing trains must be accessible in the near future. Further, the Act requires public entities that operate fixed-route transit service to provide complementary accessible paratransit (door-to-door) service which is comparable to the fixed-route service in frequency, fares, hours of operation and service territory.

Costs of complying are expected by the transit industry and local governments to be enormous. Unlike many other federal regulations, these restrictions apply whether or not federal funds are being used to provide transit services.

Complying with this federal Act, and fulfilling the federal social policies it mandates, should be assisted with adequate federal funding.

Establishing a Level Playing Field

Currently a strong anti-transit bias is built into the U.S. Tax Code. Employers can deduct the full amount of parking subsidies provided to employees, and employees are not taxed on this benefit. By contrast, employer-provided transit subsidies are fully taxable to employer and employee beyond $15 monthly.

Citing possible federal tax revenue losses from correcting this inequity is a truly short-sighted federal response. In fact, correcting the problem will encourage more employer-provided transit passes, more use of buses, subways and vanpools, and less automobile use. The result will be cleaner air, less congestion, energy savings, less need for costly new highways and more effective transit systems.

Assisting State and Local Governments to Leverage Federal Funds

At the same time the federal government has increased the costs of providing public transit service by mandating the pursuit of social goals, traditional sources of federal funding have been seriously eroded. Section 9 operating assistance has dropped substantially and unspent balances have grown in the federal highway and airport trust funds. The federal government should initiate new programs that help state and local governments make more effective use of the financial resources that are provided.

Among such programs would be:

- Restoring federal tax incentives for investment in public transit vehicles ("safe-harbor leasing" provisions, by which transit operators could leverage federal assistance by selling buses to private investors and leasing them back, have been allowed to expire);

- Maintain and solidify tax-free debt provisions for state and local governments seeking to finance public transit projects;

- Consider a revolving loan fund or multi-year grant program to state and local governments to cover the debt service for major transit capital improvements;
- End the restrictions on toll finance of improvements to existing federal highways.

U.S. DOT Secretary Skinner's National Transportation Policy

Earlier this year, Secretary Skinner released U.S. DOT's 129-page policy document titled Moving America. Presumably his department's position on federal transportation financing legislation will be consistent with the policies expressed in that document. The department is to be congratulated for undertaking such a major policy initiative. Increased involvement of the private sector and more effective delivery of transportation services are two noteworthy themes.

Some of its policies are consistent with those favored by NVTC (e.g., preserve land now for future transportation options, provide more flexibility in categorical grants, replace rigid federal standards with performance criteria).

Unfortunately, the document--after editing by the Office of Management and Budget--emphasizes a weaker federal role and a stronger state and local financing responsibility, while reiterating burdensome federal goals and objectives for the Nation's transportation system.

For example, the policy statement calls for an end to federal transit operating assistance and AMTRAK funding. It calls for more user fees to fund federal programs (perhaps thereby preempting state and local sources). It asks state and local governments to close gaps in national transportation systems.

In general, the policy statement contains kernels of many good ideas, but expresses them as general goals, rather than specific policy proposals. Most important, the federal funding responsibility is continually side-stepped.

National Transit Industry's Position

The American Public Transit Association (APTA) conducted a Task Force Study (Transit 2000) which identified several principles to guide national transportation policy and programs. Among these principles are:

1) Substantial restructuring of the federal surface transportation program to be more responsive and flexible, together with increased financial resources.

2) More reliable and predictable federal funding is needed through formulas, dedicated funds, and multi-year commitments.

3) The federal tax code should be revised to promote private investment in transit and to eliminate unfair taxation of employee transit subsidies and other disincentives to transit use.

APTA's Task Force also called for an aggressive transit program to reduce VMT which would contain $11 billion in annual federal aid. A more modest program would require a minimum of $6-8 billion (the current level is $3.2 billion annually). The structure of APTA's preferred program would include four elements: 1) A formula program for transit; 2) A formula program for highways; 3) A federal discretionary program for highways and transit; and 4) A federal formula program allowing local officials the flexibility to decide among modes and projects.

Conclusion

Despite federal budget problems, a clear federal responsibility exists to serve as the primary collector of revenues for transportation improvements that help to serve the national interest. Federal financial programs should be flexible and predictable, and allow state and local governments to exercise judgments on priorities that reflect the will of local citizens.

Where social objectives are deemed to be of national significance, federal programs must support these objectives with adequate funding, not only mandates.

In general, special tax breaks and other inequities are harmful, but given the existence of such distortions in the U.S. tax code and elsewhere, it may sometimes be more effective to provide an off-setting incentive where the source of the inequity cannot be removed due to political forces (e.g. the tax code subsidizes the parking of single-occupant auto drivers, so that an off-setting tax deduction for transit users should be enacted).

Congress, in considering the reauthorization of highway and public transit legislation, should work within the context of clear policy guidelines. Secretary Skinner's policy statement provides a good start, but a greater emphasis must be placed on federal financial responsibilities within the partnership of private and government bodies.

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November 29, 1990

Senator Alan Cranston
Senator Alfonse D'Amato
Committee on Banking, Housing and Urban Affairs
U.S. Senate
Washington, D.C. 20510-6075

Dear Chairman Cranston and Senator D'Amato:

Thank you for soliciting my views as you begin the process of reauthorizing the Urban Mass Transit Act. As the operators of the largest transit system in the state of Wisconsin, we are greatly concerned that the surface transportation program you develop will fully recognize transit's role as a major partner in the nation's overall transportation program. We are also concerned that the transportation program you develop look not only at the transit needs of today, but look to the future and adequately provide for the transit needs of tomorrow as well.

First and foremost it is imperative that the reauthorized act provide for full use of the funds in the Federal Highway Trust Fund Mass Transit Account (MTA). Established in 1983 and funded by a dedicated 1¢ from the federal gasoline tax, the MTA has never been totally utilized. As of November, 1990 the MTA had a balance of $6.9 billion. This is money which, by law, is dedicated to transit use. While a modest balance to maintain a steady cash flow is understandable, the present balance is excessive and deprives transit operators of much needed funds. Given the fact that the MTA will soon be receiving an additional 1/2¢ from the new 5¢/gallon tax increase, this account balance could grow even more in the years to come unless steps are taken to use these funds. Full utilization of the MTA would also improve the reliability and predictability of federal funding. This would allow transit providers to plan for the future with the knowledge that funding will be available.

The reauthorization act must also include ~~a~~ formula that distributes MTA funds in a fair and equitable manner. In 1988, only seven states received as much or more in funds from the MTA account than they paid in. In fact, these seven states received over 73% of the apportioned MTA funds. The remaining 43 states received less than they paid in, and 30 of those states received less than 25% of their contributions. I believe it is only fair for each state to receive its fair share of MTA payments, and request that a minimum return level of 85% be established as an appropriate return to all states.

Local decision making in response to local conditions and needs can best establish transit programs to serve regional needs. Accordingly, I request that the reauthorized act allow for greater flexibility in the use of available federal funds. This would include enhancing the local decision making by providing local authorities with the option of using available federal funds for either operating or capital expenditures.

Over the next decade our nation is going to be faced with challenges that will be critical to our continued growth. We must be able to meet the challenge of international competition; we must be prepared to upgrade our transportation infrastructure; we must recognize our obligation to improve our environment by reducing automobile congestion and improving air and water quality; we must reduce our dependence on imported sources of energy; and we must recognize our obligation to our disabled citizens.

As we prepare to meet these challenges we must realize that transit can and must play a vital role in the continued growth and development of our country. We must reverse the trend of the 1980's that saw substantial reductions in federal operating assistance. We must recognize that reductions in federal operating assistance has not reduced the need for transit services; rather, it has shifted the costs to state and local funding sources and to the passengers in the form of increased fares. Further reductions in federal operating assistance could prove to be devastating as service reductions and/or additional fare increases would be needed to recover the lost assistance. This would result in ridership losses, reduced mobility for millions of riders annually, and increased traffic congestion and air pollution. This would be a terrible step backwards for a country that recently reaffirmed its commitment to our future with the passage of the Clean Air Act and the Americans with Disabilities Act.

Senators Cranston and D'Amato
Page 3
November 29, 1990

On behalf of the Milwaukee County Transit System, I deeply appreciate the opportunity to offer my views on the future needs of the transit industry. The reauthorization of the Act should be viewed as an opportunity to recognize the importance that transit must play in any transportation program designed to move this country in years to come.

Sincerely,

Thomas Kujawa

Thomas P. Kujawa
Managing Director

TPK/dp

cc: Senator Robert Kasten
cc: Senator Herbert Kohl
cc: Representative James Moody
cc: Representative Gerald Kleczka

ARKANSAS STATE HIGHWAY COMMISSION

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January 21, 1991

The Honorable Alan Cranston
Chairman, Subcommittee on
Housing and Urban Affairs
United States Senate
535 Dirksen Senate Office Building
Washington, D. C. 20510

Dear Senator Cranston:

It is our understanding that the Subcommittee on Housing and Urban Affairs of the Senate Committee on Banking, Housing and Urban Affairs is seeking comments pertaining to the reauthorization of the Federal Transit Program. We appreciate this opportunity to provide our input.

Our principle concern is that the new transit program provide greater equity. The need for public transportation assistance does not exist exclusively in major urban areas. Rural states need help also. Although Arkansas has large populations of elderly, handicapped, and other persons dependent upon public transportation, we are a major contributor to the Mass Transit Account of the Highway Trust Fund and receive less than five cents back from every dollar our state's motorists contribute for transit.

We are not asking for subsidy in a future program. All we want is to receive back a reasonable share of what we contribute into this program so that we can provide adequately for our own state's needs. We, therefore, urge your committee to structure a program that will return a minimum of fifty percent of each state's contribution into the Mass Transit Account back to the contributing state to be used for public transportation purposes.

Next, it is important that a new public transportation program recognize that various states have unique public transportation needs that can best be met through a flexible program. Such a program would allow unrestrained funding interchangeability among the various public transportation categories, as well as unlimited flexibility between assistance for capitol and operating expenditures.

Finally, we would prefer the matching ratios remain the same as presently exists under UMTA assisted programs. Operating and administrative assistance, as well as capital, is vital to small urbanized and rural transit systems. These systems have few, if any, means of dedicated local revenues. Therefore, allowing these systems to maintain flexibility in determining how best to utilize available Federal funds is important.

We recognize that some of these proposals are controversial. However, they are necessary to allow Arkansas to fairly participate in the benefits of a Federally assisted public transportation program.

It is important to note that Arkansas has been an active participant in the development of the transit proposal set forth by AASHTO. While this proposal does not totally respond to all of our state's needs, it provides significant improvement over the current UMTA program. In the event that our specific recommendations cannot be addressed by your committee, we would endorse the AASHTO proposal as our recommendation for the future Federal Transit Program.

Sincerely,

Maurice Smith

Maurice Smith
Director of Highways
and Transportation

cc: Senator Bumpers
Senator Pryor